

Bindery

*The Department of State*

# bulletin

VOL. XXIII, No. 577

July 24, 1960

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VOL. XXIII, No. 577 • PUBLICATION 3919

July 24, 1950

*The Department of State BULLETIN, a weekly publication compiled and edited in the Division of Publications, Office of Public Affairs, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes press releases on foreign policy issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.*

*Publications of the Department, as well as legislative material in the field of international relations, are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington 25, D.C.

**PRICE:**

52 issues, domestic \$6, foreign \$8.50  
Single copy, 20 cents

The printing of this publication has been approved by the Director of the Bureau of the Budget (February 18, 1949).

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## Justice Based on Human Rights: A Threat to Tyranny

*Address by the President<sup>1</sup>*

To our forefathers, the courts were the distinctive symbol of the kind of government—the kind of society—which they were creating in the wilderness of this continent. This new nation was to be a democracy based on the concept of the rule of law. It was to be a society in which every man had rights—inalienable rights—rights which were not based on creed, or rank, or economic power but on equality. In such a society, the courts had the function not only of dealing out justice among citizens but of preserving justice between the citizens and the state.

The founders of this country had a very clear conception of the corruptibility of power—of the innate danger in all human affairs of the selfish or arbitrary exercise of authority. To guard against this ever-present danger, they adopted the principle that there is a fundamental law—expressed in the Constitution, and particularly in the Bill of Rights—to which every exercise of power has to conform. The purpose of this fundamental law is to protect the rights of the individual. To apply this underlying law became the special task of the courts.

This concept of justice based on individual rights is so familiar to us that we take it for granted. Yet, in essence, it is a revolutionary concept. It has always been a threat to absolutism and tyranny. It was the great weapon in our own Revolution and the basis of our Republic. Today, in a world where absolute power is again on the march, this concept of justice has tremendous strength. It is a challenge to the new forms of tyranny as it was to the old.

### **Totalitarian Concept of Justice**

In our lifetime, we have witnessed a worldwide attack on this ideal of justice. Fascism, nazism, Soviet communism, all have tried to con-

vince people that our concern with individual human rights is false and fraudulent.

In the areas under their control, these totalitarian movements have swept away all restraints on their own power. They have subjected their own people to all the evils of tyranny—to kidnapping, torture, slavery, murder—without hope of redress or remedy. They have made a mockery of the forms of justice. Their judges are prosecutors; their prosecutors are hangmen; their defense attorneys are puppets. Their trials are coldly calculated displays of propaganda, based on torture and designed to spread falsehood.

Wherever nations or peoples have been overcome by totalitarianism, the practice of justice has been snuffed out. But the ideal remains, deep in the hearts of men. Men will always long for protection against the midnight arrest, the slave camp, the torture chamber. Men will never accept these things as right. Today, men feel more deeply than ever that all human beings have rights and that it is the duty of government to protect them.

Today, we are participating in a great international movement for the better protection of individual rights. New methods of protecting and advancing human rights are being proposed and discussed. Across the world, men of good will are seeking new ways of making human rights triumphant over tyranny.

### **Steps for Triumph Over Tyranny**

The first step was taken in the Charter of the United Nations. Weary of the crimes of the Axis tyrants, all the united nations pledged themselves, in the Charter, to promote universal respect for and observance of human rights and fundamental freedoms. The San Francisco conference ended with the promise that there would be, in time, an international bill of rights, which would be as much a part of international life as our own Bill of Rights is part of our life under the Constitution.

<sup>1</sup> Made at the laying of the cornerstone of the new United States Courts Building in the District of Columbia on June 27 and released to the press by the White House on the same date.

From this point, many steps have been taken toward the creation of an international law and morality which will protect human rights against the misuse of arbitrary power.

By the judgment of the Nürnberg Tribunal, October 1, 1946, it was established that the highest officials of a government are answerable before the bar of an international court for committing war crimes, crimes against peace, and—in connection with either of these—crimes against humanity. This great principle was further confirmed by a resolution of the United Nations General Assembly of December 11, 1946.

International action is also being taken against the crime of genocide—the slaughter of entire human groups—whether committed in time of peace or in time of war. One of the most shocking examples of genocide was the Nazi attempt to exterminate an entire religious group deliberately and methodically. The General Assembly of the United Nations has denounced this terrible practice and has affirmed that genocide is a crime under international law.

To prevent and punish the crime of genocide in the future, a multilateral convention on the subject was prepared and approved by the General Assembly of the United Nations in December of 1948. The convention is now before the various members of the United Nations, as well as some nonmember nations, for ratification. Over half the ratifications necessary to bring the convention into force have already been deposited.

I have asked the Senate of the United States to give its advice and consent to the ratification of that convention. I am hopeful that the Senate will do so before this Congress adjourns. We must do our part to outlaw forever the mass murder of innocent peoples.

### **Covenant of Human Rights**

Another step toward the international protection of human rights was taken by the General Assembly of the United Nations in December 1948, when it proclaimed the Universal Declaration of Human Rights. Like our own Declaration of Independence, this document asserts that all members of the human family are endowed with certain inalienable rights. It enumerates and describes these fundamental rights and freedoms.

But the Declaration of Human Rights is only an appeal to the conscience of the world. It offers no means of redress when rights are violated. To meet this need, a multilateral convention is now in preparation. This is designed to make binding law out of a number of the guiding principles of the Declaration. It will be known as the Covenant on Human Rights.

The task of obtaining general agreement on such a Covenant in the face of existing differences in legal systems and of language barriers is, of

course, an arduous one. I have faith, however, that the Covenant will ultimately be adopted and, also, that it will be followed by other agreements to give effect to the principles enunciated in the Declaration of Human Rights.

Thus, bit by bit, new concepts of international law and justice are taking form. Through an international society of nations, the concept is developing that the barbarous treatment of individuals by any nation is the concern of all nations. This growth of international law is most important in building for peace.

It is a mistake to underestimate the significance of these developments. In our divided world, it is easy to point to the tremendous gulf between the concept of individual human rights and the attainment of conditions which will insure their enjoyment. It is easy to be discouraged by the difficulty of creating international safeguards against the infringement of these rights.

### **Governments Created To Serve Human Rights**

But we must remember that it is our belief that governments are created to serve human rights. We must understand clearly that our belief in human rights is shared today by peoples all over the world. We must have faith and vision sufficient to realize that this belief is the rock on which the peoples of the world can build a better and a peaceful future.

In its beginnings, this world movement toward the protection of human rights may not appear particularly impressive. But the courts of the District of Columbia were not very impressive, either, when they were first set up, 150 years ago. They were without buildings or physical equipment and uncertain of their jurisdiction. These courts have grown strong, because they are based on a living truth. And so it will be with the quest for the international protection of human rights. It, too, will succeed, because it is based upon the same great concept.

On us, as a nation, rests the responsibility of taking a position of leadership in the struggle for human rights. We cannot turn aside from the task if we wish to remain true to the vision of our forefathers and the ideals that have made our history what it is.

Above the outward forms of our Government, above our laws and the Constitution itself, there is an eternal law of justice. This is the justice of a God who created mankind to live together in brotherly love. This is the justice by which all the deeds of men are judged. The fundamental purpose of our lives is to strive toward it, to the best of human ability.

As a nation, we must devote ourselves to that struggle. In the words of the ancient Hebrew prophet, we should say, "Let judgment run down as waters, and righteousness as a mighty stream."

In no other way can the nations of the earth endure.

## ADMINISTERING THE DISPLACED PERSONS ACT OF 1948, AS AMENDED

*by Hervé J. L'Heureux*  
*Chief, Visa Division*

The Displaced Persons Act of 1948, as amended by Public Law 555, gives the Department of State and its consular officers major responsibility for administering four new programs:

1. The immigration of up to 18,000 Polish veterans in Great Britain, sometimes referred to as Anders Army Poles;

2. The immigration of up to 4,000 refugees from China;

3. The immigration of Greek refugees and of certain nationals of Greece, entitled to preference status under our regular quota laws;

4. The immigration of European refugees in Europe outside Germany, Austria, and Italy, sometimes called "out-of-zone refugees."

Together with the Displaced Persons Commission and the Immigration and Naturalization Service, the Department of State and its consular officers, as in the past, share responsibility for the immigration of all other persons who may be issued immigration visas under the act, with these modifications:

1. The program for the admission of persons of ethnic German origin, formerly exclusively in the hands of the consuls, and of the Immigration and Naturalization Service has now been made the primary responsibility of the Displaced Persons Commission whose favorable findings are subject to review by the consuls and by the immigration authorities. Assurances of employment, housing, and against becoming a public charge are now required to be submitted, for this class of immigrants, to the Displaced Persons Commission, as in the case of eligible persons and eligible displaced orphans;

2. Although under the original act the Displaced Persons Commission had exclusive authority to determine the eligibility of displaced persons under the act, Public Law 555 leaves the first determination of such eligibility in the hands of the Commission but gives the consular officer and the Immigration and Naturalization Service the right to review those cases approved by the Displaced Persons Commission and to take adverse action if they do not agree with the findings of the Commission.

Briefly, the principal problems confronting the Department and our consular officers in administering those programs of the Displaced Persons Act for which the Department of State carries major responsibility, are these:

As soon as the President signed the amendments to the Displaced Persons Act, the Department sent instructions to its consular officers in Germany, Austria, and Italy that informed them of the major provisions of the new act and enabled them to issue visas in most cases that originate with the Displaced Persons Commission. Also, the Visa Division commenced the preparation of a first draft of regulations which are expected to cover all phases of the consular responsibilities in relation to the Displaced Persons Act.

The regulations, although desirable and helpful in implementing the act, are actually not required by the act except in relation to assurances which may be submitted in lieu of affidavits or other evidence of support for certain groups. However, it is planned to cover by regulation the full range of the program and to anticipate as many questions as may arise under the act so that

in administering the act questions of interpretation and policy will cause a minimum of delay.

In reference to the procedure and problems in relation to those parts of the displaced persons program for which the Department carries the major responsibility, certain general observations apply to all four groups.

In lieu of affidavits of support or other evidence of support, assurances of employment, housing, and against becoming a public charge, may be submitted by a citizen or citizens of the United States for the Polish veterans in Great Britain, refugees from China, the Greek refugees and Greek preferentials, and for the so-called European "out-of-zone" refugees.

Congress has made this provision in order that American organizations interested in these groups of refugees may assist in their resettlement. In these cases, either form of evidence will be acceptable and either may be used for different individuals. Affidavits of support in these cases may be submitted by aliens as well as by citizens; only assurances of employment, housing, and against becoming a public charge must be submitted by a citizen or citizens of the United States. If the alien submits a satisfactory affidavit of support, which may indicate available employment, he is exempt from the contract labor provisions in section 3, Act of February 5, 1917. He is likewise exempt from those provisions of the Act of February 5, 1917, which bar aliens whose passage is paid for by corporations and others. In other words, an applicant is entitled to the exemptions specified whether he submits affidavits of support or an assurance as authorized in the Displaced Persons Act of 1948, as amended.

Although the Department and its consular officers will do everything possible to assist in administering the Displaced Persons Act, every effort will be made to prevent the entry into the United States of any alien who may be a source of danger to our country. The question of security shall be paramount. Therefore, consular officers are being instructed to exercise particular care in screening applicants of the groups referred to inasmuch as the thorough investigation and written report required of eligible displaced persons and persons of German ethnic origin is not required for these groups.

All groups referred to must meet certain residence requirements in order to qualify under the

act. A Polish veteran, for example, must have resided in the British Isles on June 16, the effective date of the amended act. The question has been raised whether a person meeting this residence requirement who has since moved to other countries, for example, to a country in the Western Hemisphere, without being firmly resettled there, could apply there for a visa. It is doubtful that Congress intended that he should be permitted to apply there for a visa. For the time being, at least, the issuance of visas to Polish veterans will be restricted to our consular offices in the British Isles.

There are exceptions, of course. Refugees from China, if otherwise qualified, may apply for visas anywhere in the world outside of the United States as long as they are not firmly resettled. The same rule applies in the case of Greek refugees, some of whom have found temporary asylum in neighboring countries.

In cases in which affidavits of support have already been submitted for aliens in the four groups described, new affidavits may not have to be submitted, assuming the date of preparation of such affidavits and corroboratory evidence is reasonably current. No rule applies, except that of reason, regarding the length of time such affidavits may be regarded as having probative value. This value depends to a great extent upon the relations between the applicant and the sponsor, the surplus margin of income shown, and the apparent permanency of the means of support of the sponsor as indicated in the affidavit and accompanying evidence. The consul, of course, has the final responsibility to determine whether the evidence submitted is satisfactory. Wherever doubt exists in the mind of the sponsor, he should possibly submit new evidence to the consul.

The Department of State is preparing assurance forms for use by citizens and American organizations who wish to sponsor persons within the four groups. The Department's regulations will set forth, in considerable detail, the manner in which these assurances are to be submitted.

As a rule a sponsor will have to submit assurances directly to the consular office in which the alien plans to apply for his immigration visa. It is not planned to set up a "validation procedure" similar to that of the Displaced Persons Commission at Washington. However, the Department will exercise a general supervision over the work performed by consuls as it is presently doing with

reference to all consular activities. It also plans to require consuls to refer to the Department unnamed assurances; that is, assurances which do not identify an alien by name but only by skill, if the consul within a reasonable period of time is unable to find an applicant meeting the requirement of the assurance. The Department will then refer these assurances to other consular offices where such applicants might be registered. The Department will also request consuls to set up a vocational index for all registrants so they can handle "unnamed assurances" as expeditiously as possible.

#### **Polish Veterans in Great Britain**

Eighteen thousand immigration visas may be issued to Polish veterans in Great Britain. The act requires that these persons, in order to qualify, must have resided in the British Isles on June 16, 1950, and must have registered for immigration visas with an American consul in Great Britain before that date. The terms "Great Britain" and "British Isles," as used in the act, are considered to be synonymous. The Department does not know how many persons in Great Britain may qualify under this provision. Requests for information regarding specific cases should be addressed to the American consul with whom the applicant is registered, otherwise to the consul general at London who will, most likely, be designated as the coordinator for the Polish program. Within a few weeks, consuls in England will begin to process cases under this program, particularly cases in which satisfactory affidavits of support have been submitted. In determining whether an applicant is firmly resettled in England, the consul will be guided by the expressed Congressional intent that registration for an immigration visa with an American consular officer in Great Britain before June 16 shall be considered indicative of the failure of such registrant to become either firmly settled or resettled, notwithstanding the provisions of British legislation, except in the case in which such person has applied for British citizenship.

To qualify as a "Polish veteran," a person does not have to be a native of Poland. As a matter of fact, many Polish veterans were born in other central European countries, such as Czechoslovakia.

#### **Refugees From China**

Four thousand immigration visas may be issued to refugees from China. They must be "Iro refu-

gees" who resided in China on July 1, 1948, or on June 16, 1950, and who are either still in China or have departed but have not been permanently resettled. Most of the beneficiaries of this provision are the so-called Samar refugees, persons who were received for temporary refuge by the Government of the Philippine Islands after the occupation of parts of China by Communist forces. The files of these aliens are being assembled and forwarded to Manila, pending the opening of an office at Samar. Therefore, affidavits or assurances, when the assurance forms become available, may be sent directly to the American Legation at Manila. Every effort is being made to hasten the implementation of this program, but technical difficulties must be overcome in setting up offices at Samar and in providing staff and equipment. Another serious question will be presented in connection with this group as far as the security check is concerned since, in many instances, security files established in various consular offices in China have been destroyed.

The Department is making efforts to have the United States Public Health Service examine all applicants at Samar at the earliest possible date, even before a consular office is actually opened, thereby eliminating applicants mandatorily inadmissible on medical grounds.

#### **Greek Refugees and Greek Preferentials**

Seven thousand five hundred visas are authorized to be issued to Greek refugees and 2,500 to Greek preferentials. The Greek refugees are natives of Greece, who are either victims of military operations in Greece by the Nazi government or by military operations in Greece by the Communist guerrillas. The term "native" as used in the Act will be interpreted to mean persons born on Greek soil and other persons chargeable to the Greek quota under the Immigration Act of 1924.

Greek preferentials are persons who, prior to June 30, 1950, were residents and nationals of Greece and are eligible for admission into the United States as first or second preference quota immigrants; that is, as the wife or minor child of an alien admitted for permanent residence, or as parent, or husband by marriage subsequent to January 1, 1948, if an American citizen; or as a skilled agriculturist, as provided in the 1924 act. The term "nationals of Greece" will be interpreted as including any person who is a citizen of Greece regardless of his place of birth or the quota to

which he is chargeable under the Immigration Act of 1924.

Many more persons will undoubtedly qualify for admission under these provisions than the number of visas authorized for them. Greek refugees will be issued visas in the order of their registration, and they should be advised to register with the American consular offices, in the district where they reside, at the earliest possible date. Immediate registration is also advised for alien wives and minor children, of lawfully admitted permanent residents of the United States, who intend to apply for visas. The alien relatives in the United States should file with the Immigration and Naturalization Service Form I-475 verifying their lawful admission, which form will then be sent to the appropriate American consular office. American citizens who desire to bring in their alien parents or their husbands by marriage since January 1, 1948, should be advised to file with the Immigration and Naturalization Service Petition Form I-133.

#### **European Refugees in Europe**

This class consists of aliens who, between September 1, 1939, and January 1, 1949, entered an area or country in Europe outside Italy or the American, British, or French sectors or zones of Germany or Austria. In order to qualify under this class, the aliens must establish that they are persons of European national origin displaced from the country of their birth or nationality or of their last residence, as a result of events subsequent to the outbreak of World War II; and they must be unable to return to any of such countries because of persecution or fear of persecution on account of race, religion, or political opinions. Also, they must not have been firmly resettled in any other country. Between July 1, 1950, and June 30, 1954, 50 percent of the nonpreference portion of the immigration quotas under the 1924 act will be made available to such aliens. Visas issued to them are in addition to those 341,000 authorized under the Displaced Persons Act.

In determining what constitutes "last residence," the Department plans to define in its regulations this term as meaning the country of the alien's residence in which he had the right to reside permanently and the right to work.

The issuance of quota visas under the Displaced Persons Act does not depend on the availability of quotas since future quotas are charged where

the current quota is oversubscribed. Therefore, the incentive to an alien to misrepresent his place of birth in order to be chargeable to a more favorable quota does not exist in the case of eligible displaced persons who may be issued visas under the act. Consular officers will, therefore, be instructed not to insist upon presentation of birth certificates if they are not reasonably procurable. An exception applies only in cases where a consul knows, or has reason to believe, that an applicant for a visa was not born in the country he lists as his country of birth. In such case, the consul will require secondary evidence in the absence of a birth certificate. Also, where police certificates are not reasonably available, as a rule, the consul will accept, instead, character references and other evidence.

In addition to the major groups, there is another group of persons benefiting under the Displaced Persons Act of 1948, as amended, for whose immigration the Department carries the primary and major responsibility. This group includes alien children, chargeable to the German or Austrian quotas under the provisions of the Immigration Act of 1924, for whom section 12 of the Displaced Persons Act, as amended, contains special provision for the issuance of visas. In order to qualify for visa issuance, these children must not have passed their sixteenth birthday on June 25, 1948, and before May 1, 1949, must have been legally adopted, under the laws of the country in which they resided, by American citizens residing abroad temporarily. These children are accorded what might be called a "super priority" in that they are entitled to be issued quota visas ahead of any other group specified in the Immigration Act of 1924 and in preference to any alien admissible as a quota immigrant under the Displaced Persons Act. This provision is intended to facilitate the admission of children adopted by members of the armed forces and other American personnel temporarily stationed during the war and postwar period in Germany. In view of the rather stringent date-line requirements, possibly few qualified applicants will fall in this category.

Notwithstanding the top priority provided for the issuance of visas to these children, they are classifiable as nonpreference quota immigrants. These children are exempt from paying visa fees and are also exempt from the provisions of the contract labor law and from those excluding provisions of the 1917 act barring the admission of

aliens whose passage has been paid for by corporations, individuals, or others.

In regard to the four groups discussed earlier, that is, the refugees from China, Polish veterans in Great Britain, Greek refugees and Greek preferentials, and European refugees in Europe, a few general observations should be made.

Spouses and unmarried dependent children under 21 years of age, including adopted children and stepchildren of persons qualifying for visa issuance as members of any of the four groups described, may be issued visas within the numerical limitation provided for each group if such persons are otherwise admissible into the United States.

The Department has been asked whether visas authorized to be issued to these special groups are exclusively reserved for them or, if not used by these special groups, whether they can be used by the general group of eligible displaced persons. It was not the intent of Congress to reserve, exclusively, for example, 18,000 visas for Polish veterans in England if there should not be so many qualified applicants. On the other hand, consular officers should be given ample time to issue visas to these special groups before they can reasonably conclude that there are not any more qualified applicants and that, accordingly, unused numbers earmarked for them can be made available to eligible displaced persons. This whole question will have to be reviewed after the programs have been under way for some time.

The Department expects to publish its regulations very shortly. However, in order to give full implementation to the act, personnel changes must be made; the opening of new offices will be required; additional supplies and equipment must be obtained; the proposed regulations must be approved by the Department's legal adviser and by the Attorney General before they can be signed by the Secretary of State; and other phases of the work must be coordinated with appropriate political officers and by those officials of the Department who are charged with the administration of the Foreign Service.

The Visa Division is a technical unit which is responsible for only one phase of consular administration of the displaced persons program, namely, supervision of the execution of the law and the regulations. Administration and policy are primarily the responsibility of other units of the Department.

July 24, 1950

As in the past, the Visa Division welcomes any suggestion from public or voluntary agencies, from other citizen groups interested in the administration of the program, and from our consular personnel. Many valuable and helpful suggestions have already been received. The Department of State is making every effort to resolve procedural and policy questions in a mutually satisfactory way and in a way that it believes to be in compliance with the intent of Congress.

## **Scope of Atomic Energy Program Expanded**

### *Statement by the President*

*[Released to the press by the White House July 7]*

I have today transmitted to the Congress a supplemental appropriation request for the Atomic Energy Commission for fiscal year 1951, in the amount of 260 million dollars, to enable the Commission to build additional and more efficient plants and related facilities required in furtherance of my directive of January 31, 1950. That directive called upon the Commission to continue its work on all forms of atomic weapons, including the hydrogen or fusion bomb. These additional plants, like the existing facilities, will provide materials which can be used either for weapons or for fuels potentially useful for power purposes. The plants will be of advanced design, and their operation will provide new knowledge that will speed the progress of the atomic energy program. In this new undertaking, the Atomic Energy Commission has my complete confidence, based upon the able and vigorous leadership which it has given to the atomic energy program in the past. We shall, moreover, continue to depend heavily upon the ingenuity and cooperation of American industry.

The expansion in the scope of our atomic energy program gives added emphasis to the fact that atomic energy has great potentialities both for destruction and for the benefit of mankind. From the very outset, we have stood, and we continue to stand, firm in our desire for effective international control of atomic energy to insure its use for peaceful purposes only. This is a fundamental objective to which this Government and the vast majority of the United Nations have committed their best efforts. Agreement on this goal would make the facilities of our atomic energy enterprise fully available for peaceful purposes. Until this objective is achieved, however, we must strengthen our own defenses by providing the necessary atomic energy production capacity.

## Assistance Placed at Disposal of Unified Command in Korea

*Statement by Secretary Acheson*

[Released to the press July 12]

Fifty-six out of 59 members of the United Nations have responded to the Security Council resolution of June 27<sup>1</sup> which recommended that the members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area.

Three of these 56, the U.S.S.R., Czechoslovakia, and Poland, rejected the resolution.

Of the remaining 53 states which replied, with possibly one exception, all have given at least some moral support to the resolution.

Military assistance has been offered by the United Kingdom, New Zealand, Australia, Canada, the Republic of China, and the Netherlands. I understand that other states are considering making offers. Other assistance, chiefly economic, has already been offered by Thailand, Norway, Denmark, Chile, the Philippines, and Nicaragua.

The Security Council resolution recommending a unified command under the United States was passed on July 7.<sup>2</sup> The machinery has not yet been created to take full advantage of the vigorous support which has been given to the United Nations resolutions. It is expected that this machinery will be set up in the very near future. In the meantime, however, naval and air contingents from Australia, New Zealand, and the United Kingdom are already operating under the unified command, and contributions from Canada and the Netherlands will be arriving shortly.

Many states have indicated a desire to assist but do not know what types of assistance within their capabilities would be useful. Advantage will be taken of these offers as soon as channels are set up.

## Ambassador Muccio Commended on Performance of Duty in Korea

[Released to the press July 13]

*Secretary Acheson has sent the following message to John J. Muccio, United States Ambassador to the Republic of Korea.*

The President has asked me to extend to you and to your staff his appreciation and commendation for your courageous and effective performance of duty since the onset of the present emergency in Korea.

<sup>1</sup> BULLETIN of July 3, 1950, p. 7.

<sup>2</sup> BULLETIN of July 17, 1950, p. 83.

Your prompt and accurate reporting of the situation, the dispatch and efficiency with which you carried out the evacuation of the many American citizens for whom you were responsible, and the confidence which you have inspired in the face of the unprovoked aggression against Korea are in the finest tradition of the Foreign Service.

## Korean Foreign Minister Expresses Gratitude for U.S. Aid

[Released to the press July 15]

*Secretary of State Acheson has received the following message, dated July 14, from the Foreign Minister of the Republic of Korea, Ben C. Limb.*

In this hour of extreme trial for the Korean nation, I want you to know how deeply grateful we are for the magnificent fight America is waging to save Korea as well as democracy, and for your own great personnel service in it. Korea is very proud to be the front-line ally of the United States and the United Nations and most emphatically pledges all in her power to win a lasting victory for the cherished common cause.

The Government and people of Korea feel sure, and I know you do, that now is the time and Korea is the place to demonstrate to the world once and for all that democracy is the only way of peaceful life, and that despotic Communism must be decisively defeated. The morale and stamina of our forces are very high. The fighting ability and the material power of the American and Allied Forces are unsurpassed. I know that our over-all victory is only a question of time. We are all very confident here.

Korea will never forget what the government and people of America are doing for her; it will go down in Korean history for many centuries as a great turning point in her national life. I shall highly appreciate it if you will kindly convey this sentiment to President Truman, the Armed Forces, and the people of the United States.

## United States Policy in the Korean Crisis

The Department of State released on July 20 *United States in the Korean Crisis*. The Department in this publication presents the documents bearing on United States policy toward the developments in Korea in order to place full and accurate information on such critical events before the people of the United States and the world so that they may reach informed judgments concerning the actions of this Government.

Included in this account is a narrative describing the events from June 25, 1950 (Korean time),

when the North Korean forces launched an all-out offensive across the 38th parallel against the Republic of Korea to July 8 when President Truman complied with a Security Council resolution, requesting all nations supplying forces and other assistance for the defense of the Republic of Korea to put them under a unified command headed by the United States, and designated General MacArthur as commanding general of the forces operating in Korea.

More than a hundred accompanying documents cover the period from June 25-July 11, 1950.

*United States Policy in the Korean Crisis* (xi, 68 pp.), Department of State publication 3922, may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C., for 25¢ a copy.

## **Soviet World-Peace Appeal Called Propaganda Trick**

*Statement by Secretary Acheson*

[Released to the press July 12]

I am sure that the American people will not be fooled by the so-called world-peace appeal or "Stockholm Resolution" now being circulated in this country for signatures. It should be recognized for what it is—a propaganda trick in the spurious "peace offensive" of the Soviet Union.

The resolution was adopted last March at the Stockholm session of the Partisans of Peace, an international organization established by the Communists, and the campaign for signatures in the United States is being actively promoted by the Communist Party.

An analysis of the petition shows that it tries to do two things: (1) promote the unenforceable Soviet proposals concerning atomic energy, ignoring the effective control plan approved by the overwhelming majority of the United Nations and opposed only by the Soviet Union and four of its satellites; and (2) center attention on the use of atomic weapons by branding as a war criminal the first nation to use atomic weapons, ignoring the aggression in other forms presently being practiced by the Communists.

As for the second point, namely, that the first nation to use atomic weapons will have committed a crime against humanity and should be branded as a war criminal, it is obvious that this is an utterly cynical begging of the question. The real crime against humanity is aggression and, in particular, the deliberate resort to armed aggression in defiance of the United Nations. The war criminals are the people who sanction such action. The weapons used are quite incidental to the crime. Thus, the Communists throughout the world have

given the lie to the Stockholm proposal in their support of North Korean aggression.

Just before the North Korean armed forces launched their unprovoked attack against the Republic of Korea, more than half the population of North Korea was reported to have signed the petition. This illustrates better than anything else the basic hypocrisy of the Communist "peace appeal."

## **Soviet Tactics Again Stall Negotiations on Austrian Treaty**

*Statement by Secretary Acheson*

[Released to the press July 12]

The deputies for the Austrian treaty negotiations met in London on July 10 for their 256th meeting. In obvious preparation for this meeting, the Soviet Government on July 8 sent to the American Embassy in Moscow a second note regarding the Allied position in Trieste. This second note merely repeats the unfounded allegations in the Soviet note of April 20.

This Government's reply of June 16<sup>1</sup> adequately answered those allegations. There is, of course, no valid reason for linking the two questions, but, true to the Soviet propaganda pattern, the Soviet deputy for the Austrian treaty negotiations, at the July 10 meeting, instead of discussing the remaining unagreed articles of the Austrian treaty, utilized the meeting to read a prepared statement on Trieste.

This Soviet action once again emphasizes that the Soviet Government does not wish to conclude an Austrian treaty at this time despite the pledge which it made in the Moscow Declaration in 1943 to reestablish Austria as a free and independent nation.<sup>2</sup> The efforts of the Western deputies to negotiate and conclude the treaty were unsuccessful and, in view of the impasse, the deputies adjourned, with the Western deputies agreeing to meet again on September 7. The Soviet deputy stated that it would be necessary for him to refer to his Government for consideration the Western proposal to meet again on September 7.

The British, French, and United States Foreign Ministers agreed at their meeting in London last May that their respective Governments are ready at any time to settle without delay all outstanding issues of the treaty provided that this will definitely bring about agreement on the treaty as a whole.<sup>3</sup> The principles agreed upon by the three

<sup>1</sup> For text of the U.S. note, answering the Soviet note of April 20, see BULLETIN of June 26, 1950, p. 1054.

<sup>2</sup> BULLETIN of Nov. 6, 1943, p. 311.

<sup>3</sup> BULLETIN of June 26, 1950, p. 1054.

Foreign Ministers were communicated to the Soviet Government on June 12<sup>4</sup> in the hope that the Soviet Government would agree to associate itself with the program and that more definite progress in the solution of the Austrian problem might thus be achieved. No reply has been received from the Soviet Government to this approach.

The only true basis on which Austria can exercise full sovereignty is by four-power agreement and the withdrawal from Austrian soil of all forces of occupation. It is fundamental that the Government of the United States desires the achievement of this objective.

Soviet actions designed to prevent conclusion of the Austrian treaty must necessarily result in a delay in the fulfillment of Austria's desire, with which this Government is in full sympathy, to enjoy complete independence. Under these circumstances, the three Western Governments are en-

deavoring, within the framework of existing four-power agreements, to carry out such measures as may properly be taken to strengthen the authority of the Austrian Government and to lighten Austria's occupation burdens.

It should be borne in mind, in this connection, that any steps heretofore taken or to be taken by this Government to reduce Austria's occupation burdens are not regarded as a substitute for the treaty. Our actions, in this respect, are endeavors on our part to take such constructive measures as may properly be taken, pending conclusion of the treaty, to fulfill our obligations under the Control Agreement of 1946<sup>5</sup> which provides that the Allied Commission for Austria shall assist the freely elected Government of Austria to recreate a sound and democratic national life and to assume as quickly as possible full control of its own affairs of state.

## **Soviet Delay in Repatriating German War Prisoners**

### **COMPLETE DISREGARD OF HUMAN RIGHTS**

*[Released to the press July 14]*

*Following is the text of a note delivered today to the Soviet Foreign Office by the American Embassy at Moscow on the subject of prisoners of war still in Soviet custody.*

The Ambassador of the United States of America presents his compliments to the Minister of Foreign Affairs of the Union of Soviet Socialist Republics and on instructions for his Government has the honor to refer to the Soviet press announcement of May 5, 1950, stating that the repatriation of German prisoners of war from the Soviet Union to Germany has been completed with the exception of 9,717 persons convicted of grave war crimes, 3,815 persons whose alleged war crimes are in the process of investigation, and 14 persons detained owing to illness.

The Government of the United States shares the shock and concern of the German people over this public announcement, and is unable to give credence to the Soviet statement that there are only 13,546 German prisoners of war in its custody. These figures are completely at variance with the information in the possession of the Government of the United States, showing that large numbers of German prisoners of war known to have been in

the Soviet custody have not yet been returned to their homes.

The Soviet Government is again informed that, in accordance with the agreement reached by the Council of Foreign Ministers at Moscow in April 1947 for the repatriation before December 31, 1948, of all German prisoners of war in the custody of the four occupying powers, the United States, the United Kingdom, and France did in fact repatriate all German prisoners of war in their custody prior to the agreed date. The United States, on its part, actually completed its program of repatriation of German prisoners of war as early as June 30, 1947.

The Government of the Soviet Union has repeatedly failed to respond to requests for pertinent information of its actions under the agreement of April 1947. On January 24, 1949, the Soviet Minister of Foreign Affairs, in acknowledging receipt of one of these inquiries, admitted that an unspecified number of German prisoners of war were still held in Soviet custody, failing however to furnish any information concerning them, but stating unequivocally that the Soviet Government would complete the repatriation of German prisoners of war remaining in its custody during 1949. It is clear from the announcement of May 5, 1950, that the Soviet Government has failed to honor this

<sup>4</sup> BULLETIN of July 10, 1950, p. 74.

<sup>5</sup> BULLETIN of July 28, 1946, p. 175.

commitment just as it has failed to honor its earlier commitment of April 1947. In this connection, the Government of the United States desires to make it plain that the arbitrary reclassification by the Soviet Government of prisoners of war as civilians would not, of course, have the effect of relieving the Soviet Government of its obligation to return these persons to their homes and families.

By its delay in repatriating these German prisoners of war, and by its repeated refusal to furnish information concerning them, the Soviet Government has caused suffering and anxiety for large numbers of prisoners of war in the Soviet custody and their relatives and friends, and has demonstrated a complete disregard for the fundamental human rights of the unfortunate persons concerned. The Soviet Government alone has the power to mitigate this suffering, and it could do so by taking the following steps:

- (1) Furnish full information on the identification of the 9,717 persons alleged to have been convicted of grave war crimes, the 3,815 persons whose alleged war crimes are in the process of investigation, and the 14 persons said to be under treatment for illness, who are still retained by the Soviet Union as stated in the Soviet announcement of May 5. This information would include the present location and treatment of these persons, data on the sentences imposed on those said to have been convicted of war crimes, and the status of the investigations pending, as well as information with respect to measures taken by the Soviet Government to ensure the right of these prisoners of war to correspond with their families in Germany.

- (2) In accordance with the Geneva Convention of July 27, 1929, to which the Soviet Union is a party, to provide information on the number, identity, date of death and place of burial of prisoners of war and civilian internees who have died in captivity in the Soviet Union or in transit.

- (3) Permit investigation in the Soviet Union by an impartial international body in order that the actual fate of the prisoners of war known to have been in Soviet custody may be ascertained. For this purpose, the Government of the United States suggests the appointment of an *ad hoc* commission designated by the United Nations, or a group composed of representatives of the four powers now occupying Germany, or representatives of neutral powers, or any other group mutually acceptable. It is noted in this connection that the United States, the United Kingdom, and France, at the time when they still had German prisoners of war in their custody, furnished full information concerning them to the interested parties, and permitted full and impartial access to the prisoners of war by international agencies.

In concerning itself at this time with the question of German prisoners of war, a question on which the Soviet Government has made and

broken specific commitments, the Government of the United States does not overlook the equally disturbing parallel situation concerning the Soviet failure to repatriate, or to account for, the numerous nationals of the German-occupied countries who were taken prisoners during the war, or who were brought to the U.S.S.R. as civilian internees.

Information concerning the action which the Soviet Government is prepared to take on this matter would be welcomed by the Government of the United States, which would be willing to cooperate in any appropriate way.

\* \* \*

The British and French Embassies are also communicating with the Soviet Government on this subject.

As is well-known, the continued detention of German prisoners of war in the Soviet Union has been a matter of concern to the United States Government<sup>1</sup> and to the Governments of the United Kingdom and France for a considerable period. The Foreign Ministers of the United States, the United Kingdom, and France issued a statement at London on May 12 with respect to this subject which stated that the Foreign Ministers had agreed to take all possible steps to obtain information bearing on the fate of prisoners of war and civilians not yet repatriated from the Soviet Union and to bring about repatriation in the largest possible number of cases.

## Americans Visiting Abroad

Ernest Carroll Faust, head of the Division of Parasitology, Tulane University School of Medicine, New Orleans, Louisiana, will lecture at the University of Chile for the summer term.

Clifford H. MacFadden, assistant professor of geography, at the University of California, Los Angeles, will teach geography at the University of Ceylon, Colombo, Ceylon, for 1 year.

Francis M. Rogers, associate professor of romance languages and literature and dean of the graduate school of arts and sciences, Harvard University, will lecture for 6 weeks in Brazil.

John M. Henderson, of the Division of Public Health, Columbia University Medical School, will serve as visiting consultant at various schools of public health and confer with public health officials in Argentina, Brazil, and Chile for 3 months this summer.

These visits have been made possible through grants-in-aid awarded by the Department of State.

<sup>1</sup> For texts of previous communications on the subject of German prisoners of war in Soviet custody, see *BULLETIN* of Jan. 16, 1949, p. 77; Mar. 27, 1949, p. 389; June 26, 1949, p. 824.

## Soviet "Beetle" Charge Labeled Ridiculous Propaganda

### COMMUNIST FABRICATIONS AIM TO COVER PEST CONTROL FAILURE

[Released to the press July 6]

The Soviet Government, in a note dated June 30, 1950, has identified itself with ridiculous propaganda statements emanating for several weeks past from Eastern European Communist regimes alleging that the occurrence of potato bugs in certain areas of Eastern Germany has been caused by the "dropping" of these insects from American airplanes.

It is interesting to note that the Soviet propagandists have borrowed this whole invention from the Nazis who during the war used to level the same fantastic charge against Allied airplanes.

The facts—of which the Soviet Government was undoubtedly aware when making its charges—are that potato bugs, or Colorado beetles, have existed in Germany since before the war; have been spreading rapidly in wartime due to the absence of effective countermeasures; and were recognized as a serious threat to the East zone economy by the Eastern German puppet government several months prior to the date of the alleged American bug offensive. A decree by the so-called German Democratic Republic, dated March 2, 1950, ordered the initiation of a major antipotato beetle campaign throughout the entire area of the Soviet zone. Special measures were to be concentrated in a belt following the Czechoslovak and Polish borders, apparently in an attempt to protect eastern Europe and the U.S.S.R. from further beetle invasions. This problem had been one of major concern to the Polish authorities as early as May 1949 when a nation-wide conference was held in Warsaw, devoted to the combating of plant pests, especially the potato beetle. Furthermore, the Soviet Government itself issued a pamphlet entitled, *The Colorado Potato Beetle*, signed for printing May 16—6 days before United States planes are supposed to have "dropped" the beetles over Eastern Germany—in which the population of the Soviet Union was instructed to take special precautions against an invasion of potato bugs from Germany.

Manifestly, the Eastern German authorities have been unable to cope with the problem. On

May 17, the official paper of the Socialist Unity (Communist) Party for Saxony-Anhalt published an appeal to the population, betraying distinct alarm at long last to institute search parties and other countermeasures. The appeal contains this sentence: "The annual increase of swarms can be traced to the fact that searches and chemical countermeasures have repeatedly and consistently been instituted too late, in spite of all orders." Meanwhile, the potato bug has spread farther into Eastern Europe; and Soviet-German authorities are faced with one other problem: the threat of a serious potato shortage this year, caused by a number of factors besides the bug, such as inadequate agricultural methods and last year's poor crop in Eastern Germany which compelled the peasants to consume a substantial portion of seed potatoes during the planting season.

### U.S. REPLY TO SOVIET NOTE

[Released to the press July 7]

*The following is the text of the United States reply to the Soviet note of June 30 alleging American responsibility for potato crop infestation in East Germany. The United States note was delivered to the Soviet Foreign Ministry by the United States Embassy in Moscow today.*

While reluctant to give weight and credence to this communication (The Soviet Note of June 30) as an official message of the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics the Government of the United States nevertheless now feels obliged, in view of the extraordinary allegations contained therein, to point out that the Ministry of Foreign Affairs has neglected to acquaint itself with the most elementary and generally known facts of the situation with which its communication purports to deal.

It is apparent that the Ministry has not even troubled to consult with competent Soviet and Eastern European experts familiar with the history of potato crop infestation in Eastern Europe and whose description of the progress of this infestation over a period of years has appeared in official Soviet and other Eastern European publications.

This Government prefers to consider that the Ministry has neglected to consult even its own official publications on this subject rather than to believe that the Soviet authorities are trafficking lightly for propaganda or other purposes in matters vital to the welfare of the people of Eastern Europe.

What has happened in obvious enough: the Communist authorities in Eastern Germany have failed to bring the bug problem under control and protect the agriculture of other satellite countries and of the Soviet Union. Moreover, they are in need of an excuse for the anticipated shortage. Instead of holding them responsible for the hardships their failure will cause to the people of Eastern Germany and Eastern Europe, the Soviet Government has resorted to a well-known device and invented a "saboteur"—this time in the guise of the United States Air Force. Soviet and German Communist authorities are undoubtedly aware of the fact that American aircraft have strictly and consistently observed the established corridor and have at no time flown over the areas in which the beetles are alleged to have been dropped.

In the present world situation, fraught with explosive tensions, the Soviet Government has chosen to poison the atmosphere even further with one of the most fantastic fabrications that has ever been invented by one government against another. In this whole absurd and ridiculous propaganda invention, this is the one fact that deserves to be noted.

#### **U.S. ANSWERS CZECHOSLOVAK CHARGES**

*[Released to the press July 7]*

*The following is the text of a note sent by the American Embassy at Praha to the Czechoslovak Foreign Office on July 6 with reference to Czechoslovak allegations concerning the potato bug.*

The American Embassy presents its compliments to the Czechoslovak Ministry of Foreign Affairs and has the honor to make the following observations with reference to the potato bug:

To the extent that the potato bug represents a Czechoslovakian domestic problem, it is not a matter of concern to the American Embassy, which nevertheless expresses its sympathy over the damage to Czechoslovak agricultural production caused by the insect in question.

To the extent, however, that efforts have been made in Czechoslovakia to connect the United States with the presence of the potato bug in this country, the matter is of legitimate interest to the American Embassy, which declares that allegations to the effect that the United States encourages the depredations of the potato bug in Czechoslovakia, or that the United States has sought clandestinely to introduce the potato bug into Czechoslovakia, are false and preposterous.

The Embassy ventures to suggest the inherent

unsuitability of the potato bug (*doryphora decoloneata*) as an instrument of national policy. The Embassy doubts whether the potato bug, even in its most voracious phase, could nibble effectively at the fabric of friendship uniting the Czechoslovak and the American people.

The Embassy avails itself of this opportunity to renew to the Ministry the assurance of its highest consideration.

#### **U.S.-Spain Amend Air Agreement**

*[Released to the press June 23]*

Negotiations between delegations of the Governments of the United States and Spain to amend the air transport services agreement between the two Governments signed on December 2, 1944, were concluded today.

After a cordial interchange of the viewpoints of both delegations, it has been agreed that the agreement shall be amended in the following respects:

Air carriers of Spain will be permitted to conduct services to the United States over the following routes:

##### *Route 1*

A route from Spain to San Juan, Puerto Rico, via Lisbon, the Azores and Bermuda, and Caracas; in both directions.

##### *Route 2*

A route from Spain via Lisbon, the Azores and Bermuda to Miami, and beyond Miami (a) to Mexico and (b) to Habana and points beyond in the Caribbean area and the west coast of South America; in both directions.

Under the existing agreement, the United States has two routes through Spain:

##### *Route 1*

A route from New York through Lisbon to Barcelona, proceeding therefrom to Marseilles, and possible points beyond, in both directions.

##### *Route 2*

A route from New York through Lisbon to Madrid proceeding therefrom (a) to Rome and points beyond and (b) to Algiers and points beyond, in both directions.

The United States route to Spain via South America and Africa contained in the original agreement will be deleted, inasmuch as United States civil air carriers now have no interest in using this route.

Articles dealing with machinery for arbitration and determination of rates were added to the agreement.

## The Need for an International Trade Organization

*Views of Maurice J. Tobin  
Secretary of Labor*

*The following letter dated March 10, 1950, was sent from the Secretary of Labor, Maurice J. Tobin, to the Chairman of the House Committee on Foreign Affairs, John Kee.*

DEAR CONGRESSMAN KEE: On May 24, 1949, I submitted to your Committee a statement of my views on the question of United States approval of the Charter for an International Trade Organization. I would like to take this opportunity to supplement my earlier statement with respect to events which have occurred since the original statement was made.

The problem of maintaining full employment was the subject of intensive discussion at the 1949 meetings of the International Labor Conference and the Economic and Social Council of the United Nations, and at the current (1950) meetings of the Economic and Employment Commission of the Economic and Social Council. The intensity of this discussion was to some extent a reflection of events in the United States and of concern as to the course which these events would take. Despite the basic health of our economy, the prospects of its continued prosperity, and the clearly temporary character of the 1949 recession, fear was widely expressed that any drying-up of American purchasing power would curtail foreign sales in our markets, with serious resulting effects upon the other economies involved.

Under these circumstances, the renewing of our pledge to maintain full employment at home, as set forth in the Employment Chapter of the ITO Charter, is clearly appropriate. The taking of other steps to expand world trade, on a multilateral basis, as envisaged in the Charter, is also essential as an adjunct in the international field to the measures which we take at home to maintain full employment.

Specifically, the Employment Chapter of the Charter obligates the United States to take measures with a view to achieving and maintaining full employment through actions appropriate to our own political, economic, and social institutions.

Such a commitment is fully in keeping with our own domestic policy of maintaining a high and productive level of employment as set forth in the Employment Act of 1946. The furtherance of this aim throughout the world should do much to aid in the expansion of world trade and the general raising of living standards.

I want to repeat my earlier statement to the Committee that the Employment chapter of the Charter preserves our right to seek full employment with the minimum of Government intervention that we ourselves determine to be wise. In other words, in accepting the Charter we would not be agreeing to any planning or control that we ourselves do not find to be necessary. We would not be agreeing to give the other nations of the world any power to compel us to take steps that we ourselves are unwilling to take. We would remain free to devise our own policies and programs.

The employment pledge is very specific on this point stating that:

*"Each member shall take action designed to achieve and maintain full and productive employment and large and steadily growing demand within its own territory thru measures appropriate to its political, economic and social institutions."* (Italics supplied.)

Our freedom of domestic action can be well illustrated by reference to the specific proposals for maintaining full employment which have been referred to or discussed at international meetings during the last year. At none of the sessions was there any question that a country's choice of methods was its own, and that it would remain so should the Charter for an International Trade Organization come into effect. There is now before the Employment Commission of the Economic and Social Council, for example, a report by a group of experts appointed by the Secretary-General of the United Nations concerning further steps which the nations of the world might

take to aid in the maintenance of full employment, entitled "National and International Measures for Full Employment." This report deserves a great deal of study. Many of its details include things that we now do under the Employment Act of 1946; others would require further legislative action. It is unmistakably clear, however, that whatever our reaction to the report, we are not committed to it or any part of it until and unless we ourselves decide that it has merit. This is the case now; it would continue to be the case after the Iro Charter comes into effect.

The months since the submission of my earlier statement have also seen the development of the Point IV Program as one of the most significant parts of our foreign economic policy. This program is a voluntary program on the part of the United States which pursues further the same broad objectives as the Economic Development Chapter of the Charter. The role of the International Trade Organization in the field of economic development would buttress and facilitate the sound realization of the program which we are initiating. The Iro Charter as a whole would ensure that the products of economic development have a maximum opportunity to move in the channel of world trade and to contribute to a general raising of world living standards.

#### **STATEMENT SUBMITTED ON MAY 24, 1949**

I appreciate this opportunity to present my views on the Charter for an International Trade Organization to the members and have heard in some detail of the basic problems which were involved in its negotiation from members of the Department of Labor staff who participated in the drafting conferences which led to the document presented to you for acceptance.

#### **Interrelations of Labor and Trade**

I regard the Charter as a great achievement in an important field and a forward step in foreign relations. Not only does it provide for an international forum in which trade matters can be discussed and differences ironed out, but agreement has been reached on many important points of substance in a way which should strengthen the economic base upon which healthy world trade and prosperity are founded. These points of agreement, affecting matters of basic employment policy, the problems of economic development, the multitude of commercial problems (such as those involving the nondiscriminatory use of quotas and internal taxation), the special problems of inter-governmental commodity agreements, and international cartels, have in every case the merit of minimizing restrictions and promoting freedom of trade and enterprise. This achievement is the more notable because it has occurred in a world which for over two decades has been moving in

the direction of more and more government intervention in economic life. If we can achieve the trade freedom for which the Charter provides and maintain that degree of freedom, the accomplishment will be substantial.

Maintaining the maximum of goods in world trade with a minimum of restrictions has implications beyond the immediate effects on trade. Free institutions in the world of trade have their influence upon the maintenance of freedom in other situations. The effects of the Charter can be expected to contribute, for example, to the healthy and improving economic environment which supports and strengthens the kind of free trade union movement which we have found to be essential to the survival of democratic institutions.

I do not need to dwell at length upon the obvious importance of healthy and unfettered world trade to the welfare of the wage and salary workers of the United States. As our industrial system has developed, it has brought with it increasing interrelationships between our production and distribution mechanisms and the trade channels of the world. In 1947, for example (the latest year for which such data are available), almost two and one-half million jobs in American nonagricultural establishments were dependent upon export trade. This represented 5.6 percent of non-agricultural employment at the time; in some individual industry groups, the proportion was as high as 15 percent. Many additional jobs in the agricultural sector of our economy are also dependent on export markets. The flow of raw materials into this country is an essential part of the fabric of the production process; imports of consumers' goods into our markets help to raise our own consumption level. Imports into this country contribute to the support and maintenance of the export markets on which so many of our jobs at home depend.

Restrictions on the regular flow of trade in established channels can have serious repercussions on our own employment. The impact of a single restrictive action can be illustrated by the situation in the United States textile industry during the spring and summer of 1948, when unreasonable licensing requirements of one of our Caribbean neighbors resulted in a piling-up in warehouses of textile yardage equivalent in manhour requirements to roughly a full month's production of more than 40,000 textile wage earners. On a broader scale, the continuation of unpredictable interruptions to trade can seriously affect the livelihood of important groups of workers in our economy.

From the point of view of safeguarding the welfare of workers in our domestic industry, we must also be certain that our commitment does not lightly remove justifiable protection or eliminate the possibility of necessary withdrawals of tariff or other concessions in the event that serious injury threatens the weaker portions of our

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economy. I do not feel that we have given up, in the Charter, our basic ability to protect American jobs, where appropriate, through proper tariff protection, or to withdraw concessions which threaten employment. The Charter provides the same mechanisms for doing this which is specified in the successfully-applied procedures of our own Trade Agreements Act and for an appropriate degree of international consultation.

The welfare of the wage and salary worker is related to world trade in more ways, however, than through the impact of specific trade restrictions or protective devices. High levels of world trade mean high consumption levels. The welfare of our population at home can best be sought by achieving a level of world trade in which there is a continually rising volume of goods to be exchanged, based upon continually rising production and purchasing power to buy the goods that are produced.

The goal of a higher consumption of goods and services implies something more than the process of removing barriers to trade. It also implies taking steps to establish and insure the continued existence of a healthy economic base upon which world trade can develop. Such positive steps must be taken in conjunction with efforts to minimize restrictions on existing trade channels. The two approaches complement each other.

#### **Provisions for Employment and Economic Activity**

Positive steps to expand world trade are pointed to in the Charter's chapter on employment and economic activity, and in the Chapter on Economic Development. From a long-range point of view, these chapters may well prove to be as important to the full development of world trade, and to improved consumption levels that increased trade brings, as are many of the remaining provisions of the Charter. I want to discuss the broad purposes of the provisions of these chapters.

The basic obligation assumed in the Employment Chapter is agreement to take steps to maintain full and productive domestic employment. The basic obligation is similar to that provided in articles 55 and 56 of the United Nations Charter. It is also similar to that provided by our own Employment Act of 1946. It reserves to us the choice of measures to achieve full and productive domestic employment. As an obligation, it does not go beyond the obligation we have already assumed to the population of our own country.

Why, then, it might be asked, is it necessary to repeat this obligation, already self-imposed, in an international document? The answer is to be found in the widespread concern of the nations of the world over the possibility of large-scale unemployment, over the possibility that they might not be able to maintain the nondiscriminatory principles of the Charter in the face of major

economic difficulties. Each has been concerned to have a positive statement of the other nations' intent, even though fully aware that a statement of determined intention is something less than an ironclad guaranty of successful performance.

It is especially important that the United States join in expression of this determination. Concern over the possible effects of serious unemployment in any country on world trade and on the economies of all countries is well-known. Although our own external trade may sometimes seem small to us in relation to our total volume of production, it is a fairly large proportion of world trade in terms of dollar volume. Most important, our market bulks very large in the total market of some individual nations. Disappearance of this market through a drying-up of United States purchasing power might have serious effects on their economies. Our production system is the envy of the world, and we need lack no confidence in our ability to maintain our economic system on a prosperous basis. Nevertheless, it must be recognized that fear of serious unemployment in the United States has been an important factor in negotiations, in conference after conference to which our delegates have gone during the postwar period, including those which have been in preparation for the International Trade Organization.

There were many representatives at the conferences leading up to the formulation of the Havana charter who wanted the United States to assume greater obligations to control its economy in the interest of providing a more certain guaranty of full employment. This was not agreed to by our delegates. There can be no question about our continued right under the Charter's Employment Chapter to seek full employment with the minimum of government intervention that we ourselves determine to be wise.

The obligation to take preventive action to maintain full and productive employment obviously must have its counterpart in the event that we cannot maintain full employment, despite our best efforts. The Charter obligates us to consult with other nations on action to be taken in the event that another economic crisis does affect world trade. It would be unrealistic not to make such provision. If we should have economic problems ahead, we will want to handle them in such a way as to preserve the cooperative and reciprocal trade relationships that we are building up during times of prosperity. We want the machinery we are building to weather, and not to flounder, in time of storm.

Provisions for consultation in time of crisis must be drawn with extreme care. We cannot agree to advance commitment of our resources or arbitrary abridgment of the rights we have acquired by negotiation with individual nations on a great many trade matters. I do not propose in this statement to elaborate on these provisions. It is my understanding that expert and detailed testimony on this matter will be offered before the

Committee. The basic point I want to make is related to the over-all principle of consultation. If we get into economic difficulties, we must cooperate, in our own interest and in the interest of world economic stability, to minimize the effects of our own troubles on other nations. We cannot escape the fact that our own economy is of great importance in the world economy or, the fact that our economic difficulties can have wide repercussions. Moreover, I do not see how we can avoid becoming the subject of official discussion in international forums in the event that we do begin to have serious unemployment. Nor do I see how we can avoid participation in cooperative endeavors to solve serious world-wide problems. What specific results this consultation will lead to cannot be foreseen, as we cannot foresee the precise kinds of economic problems with which we shall be dealing. All that we can provide for at this time is a mechanism and certain essentially procedural rules concerning consultation. We cannot agree, and I do not believe that we would be agreeing in the charter, to go beyond the stage of consultation and of cooperation on a basis to which we agree in dealing with the most difficult problems of serious economic maladjustment.

The undertaking to maintain full and productive employment is supplemented in the Employment Chapter by a separate undertaking to maintain fair labor standards, particularly in production for export. Since the problem of competition from countries with lower labor standards than our own has been a perennial problem in our tariff history, that is a provision we should welcome. Its effectiveness will be realized at an extremely slow rate, of course, because of the tremendous difficulties involved in raising labor standards in countries with very low productivity. The method of implementing the fair labor standards obligation will remain a domestic matter. Close relationship will obviously have to be maintained with the International Labor Organization, which has primary responsibility among the specialized agencies in the labor field. The charter provides an avenue of appeal to the Iro itself if it can be shown that a country's failure to maintain fair labor standards has the effect of nullifying or impairing another Member's benefits under the Charter.

#### **ITO and Economic Development**

The Chapter on Employment and Economic Activity emphasizes chiefly the attainment and maintenance of employment. The chapter on economic development looks to another major source of the future expansion of world trade, through the raising of productivity levels and realizing the potential capacity of relatively underdeveloped areas. The contribution to be made to world trade and living standards here is the kind which is envisaged in the principles of Point 4 of President Truman's inaugural message.

The Economic Development Chapter envisages no intervention in the development plans of any member nation. The responsibility for development is a domestic one in each country, and development will necessarily take different forms in each. Development in some countries may concentrate on industrialization, in others on exploitation of mineral resources or the development of sizable projects in the field of transport or power, and in others on the achievement of higher productivity in agriculture. Although a domestic responsibility, development will necessarily require assistance from the capital, technical, and industrial resources of the capital-exporting countries. Their cooperation on a voluntary basis is important and offers advantages to them as well as to the developing countries. The role of the Iro under the Charter is essentially a coordinating role. Members in need of technical advice or financial assistance may come to the organization for aid. The organization will help them find such assistance, which may take the form of private technical service from other nations, paid for by the developing country, or reference to the collaborative aid of another specialized intergovernmental organization, such as the International Bank for Reconstruction and Development.

It is entirely likely that the actual role of the International Trade Organization in the field of positive economic development will be limited. The primary sources for developmental aid will continue to be private investment and governmental aid. Among the intergovernmental agencies, the role of the World Bank, the technical aid supplied by such specialized agencies as the International Labor Organization, and work done under the auspices of the Economic and Social Council should prove to be of equal or greater importance.

The Iro has a necessary role in the development field because of its special role in cases where trade barriers are used to protect development. In this connection, the Iro provides a mechanism through which restrictions on trade during the developmental process, especially when exercised through quantitative restrictions rather than tariff rates, can be held to a reasonable and supervised minimum. This necessary concern of Iro members with problems of development may require attention to various phases of the problem of development, including helping the nation involved to find technical assistance or means to development other than trade restrictions.

One of the most difficult problems faced in drafting the Charter was the question of the use of restrictions otherwise prohibited by the charter for purposes of economic development. At times during the negotiations, the provisions relating to the use of trade restrictions for "developmental" purposes threatened to offer the widest loopholes for escape from basic commercial policy rules. The deliberations were characterized by

disputes between the industrialized countries and the relatively undeveloped nations, with the latter contending that limitations on their right to use restrictive trade practices were designed to keep them from industrializing. This misconception was corrected only by agreement of the larger industrial nations to an express endorsement of the idea of development and by a commitment on their part to cooperate in such development by imposing no unreasonable barriers to the international movement of capital and skills for developmental purposes. The more difficult problems of the use of trade barriers and regional preferences for development purposes were worked out through a series of elaborate and technical articles, which will be best reviewed by the Committee during the course of the expert testimony before it.

The Charter is the product of negotiations among many people from many nations, each bringing his own experience and the reflection of his own political, economic, and social institutions. This is an element of strength in the charter. The basic provisions of the employment chapter, for example, were embodied in the original United States proposals which led to the Charter. Both the employment and the economic development provisions embody principles which are an accepted part of our own national and foreign economic policy. They embody the positive steps which we must consider seriously in our own self interest and as part of our participation in world affairs.

I respectfully urge that your Committee recommend unqualified acceptance of the Charter for an International Trade Organization.

## Clarification Asked on Senate Coffee Report

*Statement by Edward G. Miller*

*Assistant Secretary for Inter-American Affairs<sup>1</sup>*

I greatly appreciate your courtesy in giving the Department of State this hearing. I assure you of the desire of the Department to work cooperatively with your Committee and with all of the other committees of Congress that consider subjects relating to United States foreign policy. I hope that you individually and collectively will take advantage of our desire to be of assistance whenever you want our help.

Especially in view of the strong protests which have been made to the Department by the coffee-producing countries regarding your subcommittee's report on coffee, I believe that it is important from the standpoint of our foreign relations that the Committee be informed of the attitude of these countries toward the report and the interpretation which they are placing upon its recommendations. I know that this Committee and the members of the subcommittee are as anxious as the State Department to correct any misunderstandings or misapprehension regarding the intent of the report.

Officials of the Department have previously appeared before the subcommittee which prepared the report to answer questions and to provide data. The Department has endeavored to give the subcommittee all assistance possible in obtaining such material as it required from Embassy sources. The Department did not, however, see the report

itself before it was made public, and was, therefore, not able to comment in advance on those sections which it might have recognized as potentially troublesome. I doubt that even we in the Department could have foreseen the full measure of resentment which the report has aroused. That it is resented deeply, not only by the governments of the countries which have lodged protests with the Department but by their citizens, is becoming increasingly apparent. Our Embassies in the principal coffee-producing countries report that even those newspapers which are customarily friends of the United States have been sharply critical of the United States on this issue and that many of the attacks have been extremely bitter.

It is always to this Government's interest to maintain relations with neighboring countries on as friendly a basis as possible. The opening paragraphs of the subcommittee's report express what I am sure is a sincere concern for the welfare of the Latin American people. Recognizing, then, the fund of good will which exists, I am hopeful that the Committee will be able to develop its final position on the coffee report in a form which will both make possible the attainment of the desirable objectives, upon which I am sure we can all agree, and demonstrate a full understanding of the position of the coffee-producing countries. Our record for cooperation within the hemisphere on matters relating to coffee is one of long standing. It has been of mutual benefit; and I hope that it can be maintained.

<sup>1</sup> Made before the Senate Committee on Agriculture and Forestry on June 20 and released to the press on the same date.

The State Department is not here to plead a case for high coffee prices. The Department takes no position regarding the fairness or unfairness of any given level of coffee prices. It assumes that under a system of free private enterprise, such as we encourage in the United States, prices will adjust automatically to reflect a fair balance between the conflicting interests of producer and consumer, always assuming, of course, that the market is broad enough to assure competition of sellers and buyers. Coffee prices may seem extremely high to us at the present time. During the period of the thirties, they seemed to the coffee-producing countries to be unduly low, and I am sure that this Committee will understand me when I say that, I believe, the 1930's would not be a fair base period to select for coffee.

I realize that the price of coffee is an important consideration for the American consumer, and I can appreciate his confusion at seeing the price double within a few months. I fully understand his desire to have this sudden price rise investigated, and I believe that the subcommittee should be commended for its efforts to uncover any market manipulation which contributed to the increase in prices. The Department is not trying in any way to shield any individual or group of individuals—in the United States or abroad—who may have taken unfair advantage of the tight situation which developed in the coffee market last fall. Furthermore, it recognizes that with the virtual disappearance of the Brazilian Government-owned stocks, which had served as a buffer for so many years, the possibilities of manipulation were appreciably increased.

#### **Propriety of Statements Questioned**

On the other hand, the Department believes strongly that no accusations of manipulation of markets, or collusion between producing interests, should be made unless and until there is clear evidence to substantiate such charges. With respect to such matters, the Department must rely largely on other agencies of the Government and on the findings of Congressional committees of investigation. Apparently, the subcommittee itself has had some difficulty in developing information of this character. I am informed that nowhere in the report or in the record of the hearings is conclusive evidence presented to show that there actually was collaboration on the part of the producing countries to withhold coffee from this market in order to bring about a rise in price. Accordingly, I question the propriety of the statement on page 16 of the report that "it is likely" that the decision of the National Coffee Department of Brazil to close out its coffee stocks in 1948 was "the prelude of a well-laid campaign by Brazil and Colombia to raise coffee prices." The National Coffee Department of Brazil has been endeavoring to liquidate its surplus coffee stocks

over a long period of years, and it was logical to suppose that it would eventually succeed.

Another section of the report refers to the fact that the National Federation of Coffee Growers of Colombia is currently holding considerable stocks of coffee and that both Colombia and Brazil undertake, from time to time, to support coffee prices either by maintaining a fixed buying price or by assisting in the financing of the crop. This, surely, cannot be regarded as evidence of price rigging. Maintenance of price supports for agricultural commodities is an accepted practice of many governments, including our own. As surely as the withholding of stocks leads to a temporary price increase, their future liquidation will lead to a decrease in prices, and each government must make its own decision as to what rate of disposal is in the best interests of its producers. Unless there is collaboration among suppliers to misrepresent the facts, and thus to mislead consuming interests, these price-support programs cannot properly be regarded as market manipulation.

If, on the other hand, what the subcommittee had in mind was manipulation by individual speculators, and if there is evidence of such operations, certainly the situation should be investigated by the Department of Justice, and any infringement of our antitrust laws should be punished. The State Department, of course, fully subscribes to the thesis that the Attorney General should be vigilant in protecting the consumer against any infraction of our laws, whether by foreign or by domestic speculators. Recommendation 7 seems to me, however, in the circumstances, to prejudice the case. It requests the Attorney General to bring civil suit under the antitrust laws to compel disposition of the coffee stocks which the National Federation of Coffee Growers of Colombia holds in the United States. On the basis of the evidence presented in the report, I believe that it should have simply proposed that the Attorney General make an investigation to determine whether there might be basis for charges under our antitrust laws.

The Department's principal interest in the report, however, relates to some of the other recommendations. Surprisingly, little or no information is supplied in the report by way of background on such recommendations. This, together with the fact that they appear to the Governments and the people of the Latin American countries to be either a reflection upon the Governments or an attack upon their economies, accounts very largely, I believe, for the reaction which the report has aroused. I shall take these recommendations in order beginning at recommendation 9 and ask that you examine them with me from the viewpoint of our Latin American friends.

#### **Recommendations Arousing Protests**

Recommendation 9 is that at all future meetings of the Special Commission on Coffee of the Inter-American Economic and Social Council, a repre-

representative of the Department of Justice, detailed for that purpose by the Attorney General, be present. Very little information is given in the body of the report regarding the activities of the Coffee Commission. There is one statement to the effect that most of the representatives on the Coffee Commission also represent their countries on the Pan American Coffee Bureau, which is a sales promotion organization, and which has been accused of endeavoring to influence the trend of coffee prices. The implication which is immediately drawn from the subcommittee's recommendation by the foreign representatives on the Commission is: first, that they are suspected of being unable to divorce their trade interests from their official duties, and second, that surveillance is required to prevent them from using the Commission as a front for other activities, which might be detrimental to the United States consumer. This is a case where misunderstanding can be harmful.

In order to save your time, I should like, at this point, to incorporate by reference the testimony of the Department's representative before the subcommittee regarding the importance of coffee to Latin America and the origin, purpose, and significance to Latin American producers and to United States consumers of the inter-American coffee agreement. For the coffee producers, it meant material assistance during one of their darkest hours. For our consumers, it has meant that supplies are now undoubtedly more adequate, because it helped check a very substantial decline in coffee production. The testimony in question begins on page 818 of part 2 of the hearings. From that testimony, it will be noted that this agreement was a treaty which was approved by the Senate, and the protocols extending it were presented to the Senate for their advice and consent.

From that testimony, it will also be noted that it was apparent by 1945 that conditions in the world coffee industry had changed significantly. Brazil's production, which had accounted for the major part of the world's exports, had declined greatly. Consumption in the United States had increased substantially during the war years, and European markets were again becoming accessible.

This change with respect to the world coffee situation was referred to in the report of the Senate Foreign Relations Committee submitted by Senator Lodge on February 19, 1947. The report pointed out that because of the changed situation the United States had suggested that the quota provisions of the agreement be rendered inoperative. The same report also indicated that the United States view regarding the quotas had prevailed notwithstanding some reluctance by other signatory governments.

From the time the quota provisions were dropped on October 1, 1945, the Coffee Agreement ceased to be a factor in the world coffee-price situation. The coffee-producing countries wished, nevertheless, to see the agreement extended—not because it could be of any further assistance to

them pricewise, but because of what it had meant, and because it would be an indication of our continuing interest in their coffee problems.

It was later decided, again upon the initiative of the United States, to allow the agreement to terminate altogether. In the report of the Foreign Relations Committee on April 20, 1948, recommending approval of the final protocol, which extended the agreement until September 30, 1948, the Committee pointed out that the protocol provided that the Coffee Board "should undertake to make arrangements to transfer its functions, assets, and records to an appropriate inter-American or other international organization" by September 30, 1948, and said "The Foreign Relations Committee which has repeatedly urged the more effective coordination of existing international organizations, believe that the program contemplated for the Coffee Board would be a step in the right direction."

In pursuance of this provision of the protocol, the United States join with the other members in petitioning the Organization of American States to assume responsibility for certain aspects of the work carried out by the Coffee Board under the agreement. The Inter-American Economic and Social Council agreed that "in order to provide facilities necessary for keeping the world coffee situation under continuous review and for collecting, analyzing and disseminating information bearing on long-range coffee developments," it would create a Special Commission on Coffee.

#### COFFEE COMMISSION

The Coffee Commission is merely a consultative body. Any recommendations it makes must be passed upon by the Economic and Social Council of the Organization of American States. It has no staff and no separate budget. Its principal activities are to improve coffee statistics and to cooperate with the Institute of Agricultural Sciences in Turrialba, Costa Rica, on projects for the improvement of coffee production and handling. It is, nevertheless, a symbol of cooperation between the governments of the American Republics. The coffee-producing countries believe, very strongly, that, during the period of the operation of the agreement, coffee consumers in the United States, especially because of the relatively low prices during the period of price control, have been the principal beneficiaries of this cooperation.

The Coffee Commission now meets about once a month and prior to the coffee investigation, so far as the Department is aware, no question had even arisen regarding the desirability of holding open meetings, because no one had evidenced any interest in attending. Statistics on coffee have appeal for a very small group, and the general interest in technical assistance has been focused on a whole program, rather than on the \$27,000 project for the year ending June 30, 1950, that is being carried out on coffee at Turrialba.

I hope that with this background you may be able to appreciate why the recommendation that a representative of the Department of Justice attend the meetings of the Coffee Commission has been interpreted by the members of the Commission as an affront both to themselves and to their governments. The Commission believes, and made evident at the special meeting which it called last Friday afternoon to consider the coffee report, that it has been placed in an unfavorable light; that the affront was not deserved; and that it has no adequate means of protecting itself. However, among other actions taken at the meeting of the Commission on Friday was a decision, by unanimous vote, that the Commission's meetings would customarily be open to anyone who might wish to attend. The Department believes that this decision was a wise one in that it should help protect the Commission against unwarranted criticism in the future, and it may lead to a somewhat better understanding of the Commission's activities both on the part of the public and the press. I must, therefore, in all respect, say that in my opinion this recommendation was unwise.

#### QUARTERLY REPORTS

With respect to recommendation 10, that the Bureau of the Census undertake to make regular quarterly reports of the stocks of green and roasted coffee on hand, I should like to mention that the Coffee Commission some months ago requested the United States representative to take this matter up with the Bureau of the Census and to see whether data on stocks could not be collected regularly. It was disappointed to learn that this was not possible at that time, largely because funds for this purpose were not available. If, as a result of your interest in the matter, this difficulty can be overcome, a real improvement in our own statistics on coffee could be realized. This might serve as a useful example to other countries interested in international trade in coffee.

Recommendation 11 is one to which the other American Republics have taken strong exception and which the State Department would not be able to support. It suggests "that the United States, through diplomatic channels, offer to assist the Brazilian and Colombian Governments in such a way as may seem feasible to aid these countries in adjusting their official exchange rates of the cruzeiro and the peso to the certificate-of-exchange or realistic value of these moneys." Brazil and Colombia are both members of the International Monetary Fund, as is also the United States. The Fund is the international authority on questions of exchange, and the subject is a highly technical one. Any request for an adjustment of exchange rates must, under the Fund's regulations, originate with the country desiring the change and come before the directors of the Fund for consideration. The United States Director on the Fund has an

opportunity, at that time, to make known the views of this Government, and any action by this Government through channels other than the Fund would be considered inappropriate.

Recommendation 12 of the report urges the coffee-producing countries "to establish full reliable statistical organizations within their governments that will provide accurate statistics on stocks of coffee both in warehouses and interior, proper crop estimates, tree census, acreage, etc."

This is another instance where I believe that the wording of the recommendation could be improved. I believe that no one is more aware of the need for improvement of coffee statistics than the producing countries themselves. Through their representatives on the Special Commission on Coffee, they have recently devoted much time and thought to the preparation of a questionnaire which has now been sent to the government of each coffee-producing country in an effort to obtain data which will be accurate, comparable, and up to date. The Commission has also worked with the United Nations Food and Agriculture Organization to try to insure that the 1950 census of agriculture which is now being taken in many of the countries of the hemisphere will increase the statistical information on coffee. But you will note that the subcommittee's recommendation refers not to reliable statistics but to "reliable statistical organizations." This has been interpreted by the coffee-producing countries as a reflection not on their statistics—which they will readily admit are not as comprehensive as they would like to have them—but on their public officials. I'm sure that no such interpretation was intended and that a slight revision of wording would have eliminated the misunderstanding.

#### ANOMALOUS RECOMMENDATIONS

Recommendations 13 and 14 can best be considered together. One recommends that the United States offer technical assistance to friendly nations other than those in the Western Hemisphere in expanding their coffee production. The other advises careful scrutiny of any loans made by this Government to the Central and South American countries in view of the fact that their economies are largely dependent on coffee and that any permanent decline in consumption comparable to that which occurred in the first 4 months of this year will, ultimately, result in "a crash in coffee prices." These two recommendations, presented in conjunction seem to be an anomaly. If the price of coffee should fall to a level which might endanger the financial structure of the countries now producing coffee, it would not appear to be a promising field for development in other countries under the technical assistance program.

Actually, I doubt that the first 4 months of this year afford a reliable guide to future consumption trends. That was the period immediately following the rapid price increase, and the hoarding

which we know occurred during the last quarter of 1949 probably finds its parallel in the disboarding which took place during the first quarter of 1950. I understand that there is a wide difference of opinion among men who know the coffee trade best as to what effect the price increase is likely to have on consumption in the long run. In view of this fact, it seems to me that the need for recommending special precautions with respect to loans made to coffee-producing countries has not been established. All loans made by the Government will continue to be carefully scrutinized as to their economic and financial soundness, and a determination as to repayment ability, based upon the long-term internal and external financial outlook, is always a fundamental consideration.

With reference to the recommendation that the United States encourage the production of coffee in countries outside the hemisphere, there would appear to be no reason for placing a geographical restriction on whatever aid may be offered through the technical assistance program. If the outlook is for a continuance of short supplies, we would, logically, welcome increased production in any country, including those to the south, which have customarily supplied more than 95 percent of our coffee imports and cooperated fully both with this Government and with the domestic coffee trade in endeavoring to meet our requirements. If the assumption on which the recommendation was based was that no assistance would be required to encourage production in areas which are already acquainted with coffee culture, I believe that the assumption was in error. Actually, improved cultural practices could be introduced, advantageously, in many countries which are now large producers, and support and encouragement of experimental work on coffee in institutions such as the Inter-American Institute of Agriculture in Turrialba is urgently needed.

Recommendation 15 is that the Economic Cooperation Administration refuse to authorize any further allocation of dollars for the purchase of coffee. The coffee-producing countries might well ask why their principal product should be singled out for special restrictions. Is it punishment for allowing prices to rise or is it to be interpreted merely as an effort on the part of the United States to obtain the lion's share of a limited supply? Whatever the explanation, it is fresh salt in an old wound. As you probably know, the ECA program is regarded by many of these countries as an obstacle to their own industrial development. They have pointed out that this program for European reconstruction operates to their disadvantage in at least two ways. First, they fear that through possible future development of colonial possession, active competition for their products may be built up. Second, because of the strain which it placed, especially in the early years, on our industrial plant, they claim that the Marshall Plan delayed them in obtaining new equipment

and replacement parts which were needed to face the new competition. They asked, at one time, for a Marshall Plan for South America, pointing out that they were relatively undeveloped and that capital was urgently needed. They could point to an excellent record of cooperation with this Government throughout the war in supplying products which we then urgently needed. Our answer included the assurance that they would benefit, at second hand, from the demand for their products which would develop in Europe as a result of the flow of ECA dollars to the European countries.

Actually, they have benefited much less from the program than might have been expected. The surplus disposal provisions of the ECA Act limited procurement of agricultural products to the United States if surplus stocks were available, even when prices here were substantially higher than elsewhere. So far as competing commodities were concerned, therefore, Latin American countries were out of the market. They still might benefit, however, from the purchase of petroleum, coffee, sugar, and other tropical products, but it would be difficult to establish the fact that their export of coffee to Europe is larger because of the ECA program. A relatively small amount of coffee has actually been financed by ECA, and most of this has been of inferior grades that are not used in appreciable quantities in the United States. In view of all the circumstances, it is understandable, I think, that they should regard the recommendation regarding ECA procurement of coffee as added evidence that the subcommittee is not sympathetic to their problems.

#### **View on Proposed Legislation**

I do not wish to comment in detail on the other recommendations of the report because they are, in general not so directly related to the foreign policy of the United States as are those that I have already discussed with you, and since the Committee will presumably receive comments from the agencies of the Government which are most closely concerned. However, since two of the recommendations deal with the only legislative action proposed in the report, I should like to indicate the present thinking of the Department with respect to them.

The Department would have no objection, in principle, to the bill proposed in recommendation 4 which would place trading in coffee under the Commodity Exchange Act. The Department is at present aware of no reason why, from the foreign policy viewpoint, coffee should not be subject to the same legislation in respect of trading on the commodity exchanges that applies to a large number of staple commodities that are primarily of domestic origin. In fact, unless there are practical reasons why this should not be done, the reduction that has gradually occurred over a period

*(Continued on page 157)*

## **The World Cotton Situation**

### **REPORT ON NINTH PLENARY MEETING OF INTERNATIONAL COTTON ADVISORY COMMITTEE**

The International Cotton Advisory Committee convened its ninth plenary meeting on May 22 at Washington to strive for further progress toward its three major, continuing objectives which are:

1. To furnish information regarding the current economic position of cotton in the world.
2. To serve as a forum for the exchange of views and ideas designed to facilitate solution of problems affecting the world's cotton industry.
3. To formulate suggestions for international economic study in dealing with world cotton problems.

#### **Summary of Action**

The Committee took no action on negotiating an international cotton agreement but recommended that the Standing Committee continue to keep the world cotton situation under continuous review and "make such recommendations to member governments as it deems appropriate and compatible with their international obligations."

The Committee, although recognizing that balance-of-payments difficulties constitute a worldwide problem whose solution is outside its scope, agreed that the world for years to come will be highly dependent upon raw cotton exports from the United States. It took note of the fact that those exports, at present, are made possible largely through exceptional financing methods. In this connection, the Committee asked its Standing Committee, with the assistance of the Secretariat, to follow developments in the balance-of-payments situation as it affects cotton and to report on the matter at the tenth plenary meeting.

With reference to increasing world cotton consumption, the Committee invited all member gov-

ernments to help raise clothing standards in their countries through a study of national clothing habits and by assisting manufacturers in carrying out necessary sales promotion programs and by further research and development of cotton production and processing methods.

The Committee, reaffirming a resolution at its eighth plenary meeting, recommended again to member governments that where satisfactory steps have not already been taken for the purpose, they establish a national coordinating agency or designate an existing office to supply the Secretariat with needed statistical and other information. It recommended, furthermore, that such coordinating agency or office serve also to distribute to all appropriate agencies and offices of the respective governments information and material received from the Secretariat and generally keep in close touch with the Secretariat.

The Committee commended the Secretariat for its report and published periodicals. One of the studies prepared by the Secretariat was the *Annual Review of the World Cotton Situation*. This document contains an analysis and summary of developments during the current season and prospects for the future in the various sectors of the world economy—production, consumption, stocks, trade, and prices.

#### **Representation**

Representation at the ninth plenary meeting was the largest since the organization of the Committee 11 years ago. Edwin D. White (United States) was elected chairman of the Standing Committee which meets regularly during the year at the permanent Secretariat at Washington to keep the world cotton situation continuously under review and promote the flow of information between the Committee's member governments.

The Governments of the following States were represented at the Meeting by delegates:

Argentina	India
Australia	Italy
Austria	Mexico
Belgium	Netherlands
Brazil	Pakistan
Canada	Peru
China	Turkey
Egypt	United Kingdom
France	United States
Greece	

The Governments of the following States were represented by observers:

Bolivia	Nicaragua
Colombia	Panama
Ceylon	Philippines
Cuba	Poland
Denmark	Portugal
Dominican Republic	Supreme Command
Ecuador	Allied Powers
Finland	Sweden
Germany,	Switzerland
Federal Republic of	Syria
Guatemala	Union of South Africa
Haiti	Venezuela
Israel	Yugoslavia
Korea	

The following International Organizations were represented by observers:

#### *Intergovernmental Organizations*

Food and Agriculture Organization of the United Nations  
Interim Coordinating Committee for International Commodity Arrangements of the United Nations  
International Bank for Reconstruction and Development  
International Monetary Fund  
Organization for European Economic Cooperation

#### *Nongovernmental Organizations*

International Federation of Master Cotton Spinners' and Manufacturers' Association

### **Summary Review of World Cotton Situation**

The 1949-50 season has been of special importance for cotton. It is the first in the prewar era to see an increase in the world supply (carry-over plus production) of cotton. World production has expanded on a broad front. At about 31 million bales, it is expected to exceed consumption by some 2 million bales. This amount would result in a world carry-over of about 17 million bales on August 1, 1950, this carry-over being actually and proportionately the greatest in the United States. Reintroduction of acreage restrictions in the United States and Egypt will affect production in the 1950-51 season. Despite prospective expansion in the Indian Union, Pakistan, and elsewhere, the global production in 1950-51 will possibly be moderately smaller than in the current season.

World consumption of cotton, estimated at approximately 29 million bales in 1949-50, has shown relatively little change in the past 4 seasons and

is still slightly less than the prewar (1934-38) average. Unsettled conditions in the Far East and the rebuilding of textile inventories in other areas are among the local and short-term factors offsetting each other in the current season. In the face of substantial increases over prewar levels in general economic activity and in consumption of other fibers, the failure of cotton consumption to expand is a world problem of great importance. The review concludes that it is difficult to envisage any significant and sustained advance in global cotton consumption in the near future, with cotton and cotton textile prices at current levels, and in the context of the continuing world dollar shortage, unless special mitigating arrangements are made.

International trade in cotton has made further gains, and world exports in 1949-50 are expected to total 11.5 million bales—half a million bales more than in 1948-49. The increased movement, chiefly in dollar cottons, has been given assistance by United States foreign aid programs and impetus by the prospect of a smaller crop in the United States next season.

Prices for cotton in national currencies have followed divergent courses in 1949-50, moving upward sharply in countries where currencies were devalued and receding slightly in others. At the same time, the United States price supports were again operative and continued to influence, to some extent, world prices for medium staples. Since the announcement of acreage restrictions for the 1950-51 crop in the United States, market prices have been stronger.

The review draws attention to the intensified competition from rayon, which had a price advantage over cotton in all major consuming countries in 1949-50. This advantage was greatly enhanced in Europe as a result of the higher cost of cotton following devaluation. The displacement of cotton by rayon is to some extent affected by consumers' preferences for cotton, on the one hand, and by insufficient supply of rayon on the other. In the latter connection, note is taken of the fact that in countries where rayon production is not already close to the limit of capacity it is expanding rapidly.

### **Resolutions Approved**

#### **RESOLUTION I**

##### *It is Resolved:*

That Messrs. Price, Waterhouse and Company's "Report and Summary of Cash Receipts and Disbursements for the Fiscal Year ending June 30, 1949" contained in their letter of August 22, 1949, be accepted along with the Secretariat's statement of the financial position of the Committee as of March 31, 1950.

#### **RESOLUTION II**

##### *It is Resolved:*

(1) That the Standing Committee be authorized to approve expenditures in the twelve months ending June 30, 1951, in the following amounts:

Salaries, including tax reimbursements.....	\$48, 000
Office expenses (supplies, printing, duplicating, binding, etc.).....	6, 000
Communications (cable, telephone, telegraph, messenger and postage).....	2, 000
Transportation.....	9, 500
Office equipment.....	2, 000
Miscellaneous expenses.....	1, 000
Total .....	68, 500

(2) That the Standing Committee be authorized to increase expenditures, if necessary to carry out the approved program of work, by an amount not exceeding 15 percent of the total of \$68,500.

(3) That the Standing Committee be further authorized to make such shifts and adjustments of funds from one item to another within the total as it shall find to be in the best interest of the work.

#### RESOLUTION III

##### WHEREAS:

A graduated scale for contributions by member governments was established by Resolution II of the Sixth Plenary Meeting, based on five categories of contributions according to the annual average of total cotton exports and imports in the five years of 1934-35 through 1938-39, and

##### WHEREAS:

It is deemed that postwar trade in cotton is insufficiently stabilized to afford a basis for a revision of the scale of contributions,

##### It is Resolved:

(1) That assessments of member governments be made according to the formula adopted for 1947-48, based on the annual average of total cotton exported and imported in the five years, 1934-35/1938-39, insofar as practicable, and

(2) That assessments in 1950-51 conform to the following schedule:

Group I	Over 4,000,000 bales .....	\$12, 000
	United States	
Group II	2,000,000 to 4,000,000 bales .....	8, 000
	United Kingdom	
Group III	500,000 to 2,000,000 bales .....	4, 000
	Brazil                      Indian Union	
	China                      Italy	
	Egypt                      Pakistan	
	France	
Group IV	100,000 to 500,000 bales .....	2, 500
	Anglo-Egyptian      Canada	
	Sudan                      Czechoslovakia	
	Argentina              Mexico	
	Austria                      Netherlands	
	Belgium	
Group V	Less than 100,000 bales .....	1, 000
	Australia	
	Greece	
	Turkey	
Total .....		71, 000

(3) That the contribution of a government newly acceding to membership in the International Cotton Advisory Committee at any time during a fiscal year shall be the annual assessment as calculated in accordance with Section (1) of this Resolution, multiplied by the number of quarters of the year in which the government is a member and divided by four.

(4) That on resignation of a member, no refund shall be made of any part of that member's contribution for any unexpired portion of a financial year remaining at the time of the member's resignation.

July 24, 1950

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(5) That the Standing Committee be requested to submit to the 10th Plenary Meeting a revised schedule of assessments of contributions for member governments for the year 1951-52, and to consider ways and means of increasing the revenues of the Committee such as making a charge for copies of its publications distributed to other than member governments.

#### RESOLUTION IV

##### WHEREAS:

A Reserve Fund has been set up in accordance with Resolution II of the Sixth Plenary Meeting and Resolution VI of the Seventh Plenary Meeting, and

##### WHEREAS:

The Reserve Fund on July 1, 1948 was \$50,000.00, and

##### WHEREAS:

A Working Fund is needed from which to defray the operating expenses of the Committee,

##### It is Resolved:

(1) That the Plenary Committee declare that the amount of Reserve Fund on July 1, 1949, was \$50,000.00.

(2) That Paragraphs 3, 4, and 5 of Resolution VI, Seventh Plenary Meeting continue to be applicable to the Reserve Fund.

(3) That any funds of the Committee in excess of \$50,000.00 shall constitute the Working Fund.

#### RESOLUTION V

##### WHEREAS:

It was agreed in Resolution VII of the Eighth Plenary Meeting that invitations to accede to the International Cotton Advisory Committee be held open to all members of the United Nations of the Food and Agriculture Organization of the United Nations, having a substantial interest in cotton; and that the Standing Committee be authorized to consider and to act upon applications for membership from any other government having a substantial interest in cotton,

##### It is Resolved:

(1) That the Standing Committee be requested to send to all governments eligible under Resolution VII of the Eighth Plenary Meeting formal invitations to accede to the Committee,

(2) That the authority of the Standing Committee to consider and act upon the applications of other governments to accede to the Committee be reaffirmed,

(3) That the Standing Committee be requested to establish forthwith procedures for acting upon any acceptance, application, or withdrawal by such governments.

#### RESOLUTION VI

##### WHEREAS:

The action developing from Resolution VIII of the Eighth Plenary Meeting has yielded very useful results and promises further benefits,

##### It is Resolved:

(1) To reaffirm Resolution VIII of the Eighth Plenary Meeting,

(2) To recommend again to member governments that where satisfactory organizational measures have not already been taken for this purpose, they consider favorably the establishment of a National Coordinating Agency or the designation of an existing office to provide the Secretariat with all the information referred to in Resolution VIII of the Eighth Plenary Meeting as well as to distrib-

ute to appropriate agencies and officers of their governments all the information and material received from the Secretariat, and generally to keep in close contact with it,

(3) To recommend again to member governments that they ascertain that statistical and other information requested by the Secretariat, as specified in Annex A of Resolution VIII of the Eighth Plenary Meeting, be supplied regularly and rapidly.

#### RESOLUTION VII

##### WHEREAS:

Adequate data on the prices of cotton are of special importance, and

##### WHEREAS:

It is not now possible to compute prices of various growths on a world-wide basis,

##### It is Resolved:

That member governments examine their facilities for assembling price statistics in their respective countries and consider the desirability and possibility of further practical measures for the improvement of their price information,

#### RESOLUTION VIII

##### WHEREAS:

The Committee appreciates the excellent reports on the Developing World Cotton Situation prepared by the Standing Committee and Secretariat, and

##### WHEREAS:

The information and Statistics furnished in these reports are very valuable and some of the suggestions made by the Standing Committee on various items merit continued consideration, and

##### WHEREAS:

The Committee also appreciates the high quality of the Monthly Review and Quarterly Statistical Bulletin prepared by the Secretariat

##### It is Resolved:

(1) That this Plenary Committee place on record its indebtedness to the Chairman, members of the Standing Committee, the Secretariat, and others who participated in the preparation of these reports, and

(2) That Parts A and B of the "Report on the Developing World Cotton Situation," prepared by the Secretariat and the Standing Committee as working documents for the Ninth Plenary Meeting of the International Cotton Advisory Committee, be printed and sold to the public, including as an annex the relevant resolutions of this meeting.

NOTE: Resolution VIII was adopted with the reservation that no restricted material supplied by other international bodies would be published.

#### RESOLUTION IX

##### It is Resolved:

To continue to publish

(a) *The Monthly Review of the World Cotton Situation* in accordance with the following schedule:

Publication date	Containing information received through
July 15, 1950	June 30, 1950
August 15, 1950	July 31, 1950
September 15, 1950	August 31, 1950
October 15, 1950	September 30, 1950
November 15, 1950	October 31, 1950

December 15, 1950  
January 15, 1951  
February 15, 1951\*  
March 15, 1951  
April 15, 1951  
May 15, 1951  
June 15, 1951

November 30, 1950  
December 31, 1950  
January 31, 1951  
February 28, 1951  
March 31, 1951  
April 30, 1951  
May 31, 1951

\*To include annual statement on the World Cotton Situation prepared for the Tenth Meeting of the Plenary Committee, and

(b) *The Quarterly Statistical Bulletin* for cotton and competing fibers in accordance with the following schedule:

September 15, 1950  
December 15, 1950

March 15, 1951  
June 15, 1951

#### RESOLUTION X

##### WHEREAS:

Adequate information is lacking on the following subjects

##### It is Resolved:

That the Secretariat undertake the work specified below:

(1) The publication of information and statistics as they become available of

(a) The production of cotton in individual countries by staple length and grade;

(b) The United States C.C.C. stocks, by staple length and grade; and the price policy regarding same from time to time;

(2) An investigation into the availability of information concerning the supply of textile machinery, reporting to the next (Tenth) Plenary Meeting and if possible making an interim report before then;

(3) The transmittal of such condensed and bibliographical information as is published and can be obtained from member governments on:

(a) Relative production costs and farm incomes from cotton and food crops including methods of accounting and actual results of investigations undertaken;

(b) New discoveries in the field of pest control.

#### RESOLUTION XI

##### It is Resolved:

That the following draft Resolution submitted by the Peruvian Delegate be referred to the Standing Committee for consideration and for such action as it deems desirable, bearing in mind budgetary limitations.

##### "WHEREAS:

Resolution (Document 26) of the Fifth Plenary Meeting, May 1946, states in item 8 'That the official and working languages of the International Cotton Advisory Committee be the same as those adopted by the United Nations,'

##### WHEREAS:

It is convenient to the Spanish-speaking people for their full understanding of the work of this Committee and its reports

##### It is Resolved:

That all the proceedings and information now being compiled by the International Cotton Advisory Committee and all subsequent proceedings and data, be published in Spanish."

#### RESOLUTION XII

##### WHEREAS:

(1) Governments are concerned to increase general standards of living for their populations, the more so

after the disruption of national economies caused by the war,

(2) Governments are concerned that farmers receive remunerative prices for their output,

(3) If both these objectives are to be met, production and price policies must be evolved which give due regard to the interests of both producers and consumers,

(4) World cotton consumption has not increased since 1947 in proportion to the general recovery in economic activity and the rise in population,

(5) Cotton production since the end of the war has increased in the dollar area, but remains below prewar levels in some other areas, due mainly to the need for food crops,

(6) Cotton stocks increased in 1949/50 for the first time since the war, mostly in the United States, resulting in the reintroduction of acreage controls in that country; while at the same time cotton stocks have decreased elsewhere,

(7) Postwar international trade in cotton is still greatly hampered by the world-wide dollar shortage,

(8) Very outstanding results have already been attained in the field of genetics and methods of production,

(9) The relatively higher price of cotton may in itself have an unfavorable influence on the consumption of cotton, and may stimulate recurring surplus production,

(10) Most of the non-dollar cottons currently enjoy over the dollar cottons relatively wider price differentials than the normal price premiums and discounts accounted for by the difference in quality and grade,

(11) Technological progress has considerably improved the quality of synthetic fibers, at the same time reducing costs materially, resulting in keener competition with cotton, which has been intensified by the effect of devaluation in many countries,

#### *It is Resolved:*

That the Meeting express in terms of the following paragraphs, A through F, its views, conclusions, and recommendations with respect to measures that governments might appropriately take to improve the conditions for consumption of cotton.

#### **A. Cotton Consumption**

The Committee considers that for various reasons, including the low level of incomes in many countries and the failure of cotton consumption to respond to rises in the level of incomes in other countries, the present aggregate level of world consumption of cotton is unsatisfactory, particularly in view of the general objective of member governments of promoting for their populations minimum standards of clothing (along with food and housing).

The population in the countries where the level of income is low is generally very dense and under-clothed, and even a small increase in the per capita consumption of cotton and cotton goods in these countries would bring about a large over-all increase in world consumption of cotton.

With a view to creating conditions favorable for the expansion of cotton consumption but without requesting any preferential treatment for cotton vis-à-vis other fibers, the Committee invites all member governments to examine the factors which appear to hamper such expansion and when appropriate to modify national policies which may contribute to this result, having special regard to the following fields:

1. The practicability of reducing or removing impediments, whether fiscal, commercial, or by other regulations, on the exports and imports of cotton and cotton goods and on the flow of internal trade in cotton and cotton goods;

2. Promoting a study of national clothing habits and assisting manufacturers to popularize suitable clothing items with necessary sales promotion;

3. Encouraging technical assistance in the field both of agricultural and industrial production;

4. Supplying of cotton textile machinery on an easy and long-term commercial basis; and

5. Promoting research and developing alternative uses of cotton.

#### **B. Cotton and the Balance of Payments**

While recognizing that balance-of-payments difficulties are a world-wide problem, the solution of which is not within the scope of this Committee, it seems nevertheless appropriate to remind member governments that the level of textile activity in the world is still, and will be for years to come, highly dependent upon the maintenance of large exports of raw cotton from hard currency countries, which are at present largely made possible by exceptional methods of financing.

The Committee invites the Standing Committee to follow developments in the balance-of-payments situation as it affects cotton and to report on the matter at the Tenth Plenary Meeting.

#### **C. Prices**

Recognizing fully the essential objective of protecting both the level and the stability of cotton growers' income and providing textiles for a living standard as high as possible, and calling the member governments' attention to outstanding and progressive achievements in the field of synthetic fibers, the Committee:

1. Invites the Governments of all producing countries to give serious consideration to such modification of their respective national production and price policies as may be required to enable the world's consumers of cotton and cotton goods to receive the maximum benefit from improvements in technology and efficiency, and thereby to contribute to the maintenance of cotton's position as the most widely used and popular textile fiber and to an improvement of cotton's competitive position;

2. Invites the Governments of all consuming countries to take all practicable measures to increase the efficiency of production and distribution of cotton goods;

3. Invites all member governments to make every effort to keep the greatest possible quantity of cotton flowing in international trade at fair and reasonable prices.

#### **D. Research**

The Committee draws the attention of the member governments to the fact that research efforts are more than ever necessary. It is only insofar as such research in cotton production, manufacturing and distribution meets with increasing success that cotton will be able to maintain its outstanding position in the textile world, and that cotton farmers will be able to maintain a satisfactory outlet for the production of their land. Member governments are requested to send their published information, which may be of special interest to other governments, to the Secretariat for distribution.

#### **E. Concessional Price Arrangements**

The Committee, fully aware that the aggregate consumption of cotton depends on the quantity of cotton and cotton goods which can effectively move into international trade from producing to consuming countries and noting the present difficulties which impede such international trade, feels that every effort should be undertaken to increase it.

Very serious objections in principle have been raised against exceptional devices as being incompatible with the normal, free flow of trade.

The Committee has therefore not found any possibility of elaborating an arrangement of this kind, which would help to solve the difficulties, but if member governments develop specific proposals regarding concessional prices for cotton and cotton goods, they may be presented to the Standing Committee for study and report to the Tenth Plenary Meeting. Any such proposal should relate to trade over and above normal trade and contain adequate safeguards for the protection of the interests of other exporting and importing countries.

#### F. International Cotton Agreement

Having in mind the present tendency of world cotton production to exceed effective demand and the unstable factors in the world cotton trade situation, the Committee anticipates that the Standing Committee, under its original terms of reference, will keep the world cotton situation under continuous review and will make such recommendations to member governments as it deems appropriate and compatible with their international obligations.

The Committee notes the discussion of intergovernmental measures relating to commodity agreements prepared by the Interim Coordinating Committee for International Commodity Arrangements of the United Nations, which appears in Section A of the *Report on the Developing World Cotton Situation*, and invites the Standing Committee to consider these measures in relation to cotton and to report to the Tenth Plenary Meeting.

#### RESOLUTION XIII

##### WHEREAS :

The Government of Pakistan through its delegation has invited the Committee to hold its Tenth Plenary Meeting in Pakistan in the second fortnight of February 1951, and

##### WHEREAS :

It has been determined that an opening date approximating February 20, 1951, will be convenient alike to the Government of Pakistan and to the Committee,

##### It is Resolved:

(1) That the Committee accept the gracious invitation of the Government of Pakistan, and

(2) That a letter be addressed to the Government of Pakistan expressing the warm thanks and appreciation of the Committee.

#### RESOLUTION XIV

##### WHEREAS :

The Government of India through its delegation has expressed a desire to extend a most cordial invitation to the Committee to hold its Tenth Plenary Meeting in India and has in conclusion expressed its desire to be host to the Committee at some future date,

##### It is Resolved:

(1) That the Committee express to the Government of India warm thanks and appreciation and

(2) That the Committee take note of the interest of the Government of India for the future.

#### RESOLUTION XV

##### It is Resolved:

(1) That the Delegates to this Ninth Plenary Meeting of the International Cotton Advisory Committee express to the Government of the United States their appreciation and thanks for the excellent arrangements made for this Meeting and for the hospitality and courtesy with which they have been received;

(2) That they express thanks, particularly to the Chairman of this Meeting, the Honorable Charles F. Brannan; the Vice Chairman, Mr. Edwin D. White; the Secretary General, Dr. Arthur W. Palmer, and to the other members of the Secretariat and of the International Conferences Division of the State Department for their personal contributions to the success of the present Meeting; and

(3) That they wish the Chairman to convey to the Government of the United States and its officials this expression of their appreciation.

## Fourth Session of the Contracting Parties to the General Agreement on Tariffs and Trade

by *Melvin E. Sinn*

The Conference recently held at Geneva from February 22 to April 3, 1950, was the latest in a series convened in accordance with the provisions of article XXV of the General Agreement on Tariffs and Trade, which provide that:

Representatives of the Contracting Parties<sup>1</sup> shall meet from time to time for the purpose of giving effect to those provisions of this Agreement which involve joint action and, generally, with a view to facilitating the operation and furthering the objectives of this Agreement.

Three previous sessions of the Contracting Parties have been held: the first at Habana in 1948, the second at Geneva from August-September 1948, and the third at Annecy, France, from

<sup>1</sup> The words "Contracting Parties" are capitalized when used in the collective sense of the contracting parties acting jointly.

April-August 1949, where tariff negotiations were held concurrently. The fact that more countries were represented at the fourth session of the Contracting Parties than at any previous session indicates the importance which nations are attributing to cooperative action in the field of international trade. The following countries were represented at the Conference as contracting parties: Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, Czechoslovakia, France, India, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, the Union of South Africa, the United Kingdom, and the United States. During the course of the session, Greece and Indonesia, who were also represented at the Conference, became contracting parties. The Netherlands sponsored Indonesia under the provisions of Article XXVI of the Agreement.

Denmark, the Dominican Republic, Finland, Italy, Sweden, and Uruguay, who participated in the 1949 Annecy tariff negotiations, were represented, and all except Uruguay have now acceded to the Agreement. Austria, the German Federal Republic, and Turkey were also represented and expect to participate in the next round of tariff negotiations. Observers at the Conference included representatives from the International Monetary Fund, the Economic Commission for Europe, the Organization for European Economic Cooperation, and the Allied High Commission. During the session, notice of withdrawal from the Agreement was received from the Nationalist Government of China.

The United States delegation to the Conference was headed by Ambassador Henry F. Grady, with John W. Evans, chief of the Economic Resources and Security Staff of the Department of State, as vice chairman.

#### **Work of the Conference**

As in previous sessions, the Conference proceeded by first considering items in plenary session and then referring those which required further study to working groups. For purposes of analysis, the business covered by the fourth session can be roughly divided into three categories: (A) preparations for the next round of tariff negotiations, (B) examination of trade practices, and (C) other problems arising from the operation of the Agreement.

#### **Preparation for the Tariff Negotiations**

One of the most important tasks of the Conference was to make advance preparations for the third round of tariff negotiations which had been decided upon by the third session at Annecy. The Contracting Parties accepted an invitation from the United Kingdom to hold the negotiations, which will begin on September 28 of this year, at Torquay, England. They also decided to hold their fifth session at the same place beginning on November 2, the two conferences to run concurrently. The Torquay tariff negotiations will be on a large scale, with approximately 40 countries participating. About 400 separate bilateral negotiations will take place, as compared with 123 completed at Geneva in 1947 and 147 at Annecy in 1949.

#### **Revalidation of Geneva and Annecy Schedules**

In preparing for the forthcoming tariff negotiations, the Contracting Parties were anxious to insure that the negotiations will not be made the occasion for raising tariffs, even though the technical right exists in article XXVIII to adjust individual rates in the tariff schedules after January 1, 1951. To achieve this purpose, the Contracting Parties considered a proposal designed to extend the assured life of the Geneva and Annecy schedules

for a further period beyond January 1, 1951. Although the Contracting Parties decided not to take any definitive action before the Torquay negotiations, they did pass a resolution recommending that such an extension be made and further that individual contracting parties take the steps necessary to be in a position to extend until January 1, 1954, the assured life of the tariff schedules when the Torquay negotiations are completed.

The Contracting Parties also reaffirmed the rule, followed at previous negotiations, that the binding of a low tariff rate should be considered equivalent in principle to the substantial reduction of a high rate.

#### **Participation of Switzerland**

In September 1949, Switzerland had been invited to participate in the third round of tariff negotiations and in her reply had indicated certain special difficulties which she anticipated would result from acceptance of the obligations of the Agreement. The Contracting Parties examined several proposals by which they hoped to meet these difficulties and enable Switzerland to participate. After long and sympathetic consideration, however, the Contracting Parties concluded that none of the particular proposals advanced could both meet the Swiss position and be regarded as satisfactory to the Contracting Parties. The Contracting Parties hoped that a way might still be found within the letter and spirit of the Agreement for Switzerland to participate.

#### **Participation of Western Germany**

A vote of 17-1 rejected a proposal by Czechoslovakia that Western Germany should be excluded from the Torquay negotiations.

#### **EXAMINATION OF TRADE PRACTICES**

The Contracting Parties conducted an extensive survey of the use of quantitative restrictions in the light of the requirements of the Agreement and approved two reports on the subject. The first report consists of a close examination of the various techniques used in the imposition of quantitative restrictions on imports and exports and suggests specific measures to minimize their harmful effects. The second report considers the discriminatory application of import restrictions permitted by the postwar transitional period arrangements of the Agreement.

#### **Review of Quantitative Restrictions on Imports and Exports**

The final report of the Contracting Parties reflected general agreement that, with certain minor exceptions, the following types of export restrictions were inconsistent with the provisions of the General Agreement:

- (a) Those export restrictions used by one coun-

try for the purpose of obtaining the relaxation of another country's import restrictions.

(b) Those export restrictions imposed by one country to obtain a relaxation of another country's export restrictions on commodities in short supply or to obtain an advantage in the procurement from another country of such commodities.

(c) Restrictions imposed by a country on the export of raw materials in order to protect a domestic fabricating industry.

(d) Export restrictions used by a country to avoid price competition among its exporters.

On the import side, the Contracting Parties agreed that every effort should be made to minimize the incidental protective effect resulting from the imposition of quantitative restrictions even where those restrictions were imposed legitimately for balance-of-payments reasons. The report suggested several methods of accomplishing this objective. It urged members to avoid encouragement of investment in enterprises which could not survive without protection when the balance-of-payments justification for such protection has disappeared. The report also urged the members to take every opportunity to impress upon producers, receiving incidental protection from balance-of-payments restrictions, the temporary nature of the restrictions. It asked countries to administer such restrictions as are necessary on a flexible basis and to adjust them to changing circumstances. The report agreed that where quotas are necessary, they should preferably be unallocated and should apply without discrimination to as many countries as possible.

The report cited certain instances of the misuse of import restrictions:

(a) Maintenance by a country of balance-of-payments restrictions which give priority to imports of particular products on the basis of the competitiveness or noncompetitiveness of such imports with a domestic industry.

(b) The imposition by a country of administrative obstacles to the full utilization of import quotas in order to afford protection to a domestic industry.

(c) The use of import restrictions as a means of retaliation against a country which has refused to conclude a bilateral trade agreement with the country concerned.

The report also recommended that each contracting party review its system of import and export restrictions in the light of the report and that officials responsible for the administration of quantitative restrictions and those engaged in negotiating bilateral agreements be made familiar with the conclusions reached.

#### *Discriminatory Application of Import Restrictions*

The Contracting Parties examined the documentation submitted on the discriminatory appli-

cation of import restrictions under the transitional arrangements of article XIV and annex J of the Agreement and prepared the first in a series of annual reports required by the provisions of paragraph 1 (g) of article XIV. The report is based on information received from 20 countries which are applying import restrictions under these transitional arrangements. It indicates that although many countries have made rapid strides in eliminating their balance-of-payments difficulties, they have not yet been able to earn the amounts of hard currencies which their importers would desire to expend under a regime of nondiscriminatory importation. They have, therefore, had to conserve their hard-currency earnings for essential imports while, at the same time, allowing their importers a relatively greater degree of freedom with respect to purchases in the soft-currency areas.

Because the Agreement contemplates that relative prices shall still be an important factor in determining the source of imports, even in the case of countries permitted to discriminate as between hard- and soft-currency areas, close examination was made of the administrative devices used to implement this objective.

The Contracting Parties also considered the effect of bilateral agreements on trade patterns. They concluded that although devaluation and increased production had done much to minimize the effect of bilateral agreements, a danger existed that such arrangements, together with the relatively high prices prevailing in certain soft-currency areas, might attract exports that would otherwise have been sent to dollar markets and assisted in easing balance-of-payments difficulties.

The Contracting Parties also utilized information obtained during the examination of individual countries' import restrictions to determine which countries should be invited to consult at the next session with respect to intensifications in their import programs. The most important members in this category are the sterling area countries, which, in July 1949, agreed to attempt to reduce their dollar imports by 25 percent below the 1948 level. Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia, and the United Kingdom were invited to consult at the fifth session.

#### **OTHER PROBLEMS ARISING FROM OPERATION OF THE AGREEMENT**

##### *Rectifications and Modifications of Schedules*

The problem of rectifications and modifications is a highly technical one, involving careful work in the correction of errors in the tariff schedules annexed to the General Agreement. The Contracting Parties approved rectifications to the authentic texts of the Geneva and Annecy tariff schedules of a number of countries, correcting errors in certain parts of these schedules, and also approved corrections in annex C of the General Agreement and in the "First Protocol of Modifications." An-

nex C contains a list of territories which are connected with the Benelux Customs Union by common sovereignty or relations of protection or suzerainty, while the "First Protocol of Modifications" contains revisions affecting certain articles of the General Agreement. The results were embodied in a Protocol of Rectifications which was opened for signature at the end of the session and signed by John W. Evans for the United States.

#### *Australian Fertilizer Subsidies*

The Contracting Parties examined a complaint by Chile with respect to an Australian subsidy on imports of ammonium sulphate. The Chilean complaint protested against Australia's retention of a subsidy on imports of ammonium sulphate when a similar subsidy had been removed from imports of sodium nitrate, a competing product of Chile. The Contracting Parties, although deciding that the Australian action was not contrary to the Agreement, took into consideration the fact that a subsidy had been paid on both products at the time that a tariff concession on sodium nitrate had been granted by Australia at the 1947 negotiations. The Contracting Parties therefore, acting under the provisions of article XXIII of the Agreement, on "Nullification and Impairment," recommended an adjustment by Australia which would remove any competitive inequality which the Australian action had created.

#### *Economic Development Measures*

The Contracting Parties considered applications under article XVIII of the Agreement by Haiti, Ceylon, and Syria and Lebanon for permission to use special measures to promote their economic development. They rejected the application of Syria and Lebanon because those countries had failed to supply the information required to determine whether the criteria of the Agreement were complied with. Subject to certain limitations and conditions, they granted a waiver to Ceylon for a period of 5 years to permit the regulation of the importation of cotton verties, or sarongs, in order to promote the development of a local industry. In the case of Haiti, action on an application for a release to cover a measure for protection of its tobacco products industry was scheduled for consideration at the next session.

#### *Budget*

The Contracting Parties approved a revised budget report for 1949-50. It was designed to take into account the contributions of governments expecting to accede to the Agreement at the third round of tariff negotiations and also the contribution of Indonesia which became a contracting party during the course of the session.

#### *Derestriction of Documents*

In order that the work of the Contracting Parties might be made more readily accessible to

businessmen, students, research workers, journalists, and the public in general, the Contracting Parties unanimously approved a proposal by the United States which would automatically derestrict most conference documents 90 days after the end of a session.

#### *Waiver on U.S. Potato Imports*

A request by the United States was granted, permitting the United States to alter the figure in its tariff schedule which determines the quantity of potatoes that may be imported at the reduced rate of duty negotiated in 1947. Under the waiver, the United States may limit the importation of table stock potatoes at the reduced rate to 1 million bushels, plus any amount by which the domestic crop in 1950 shall fall below 335 million bushels, instead of 350 million as originally provided in the Agreement.

#### *Special Exchange Agreements*

Under the provisions of article XV of the Agreement, contracting parties not members of the International Monetary Fund must either become members of the Fund or sign a special exchange agreement having substantially equivalent effect. The Contracting Parties examined the position of countries affected by the provisions of this article and also considered proposals to implement the procedural aspects of the special exchange agreements.

#### *Application of Norwegian Tariff Concessions*

Because of the inability of the new Norwegian Storting to act by April 30, 1950, the Contracting Parties agreed to extend to June 30, 1950, the date by which Norway must put into effect its Annex tariff concessions.

#### *MFN for Japan*

At the close of the session, the United States made a short statement indicating that she still considered it desirable for the Contracting Parties to devise some way of extending most-favored-nation treatment to Japan on a reciprocal basis and that the question may be raised at the fifth session.

#### **Conclusion**

This latest session of the Contracting Parties has again proved the value of the General Agreement as a vital and effective force in setting standards of fair practices in international trade, in providing a forum for the hearing and settlement of disputes, and in exerting a constant influence in the direction of restoring world trade to a multilateral and nondiscriminatory basis.

The General Agreement, although young in years, has, nevertheless, demonstrated itself to be mature, dynamic, and effective in its operation.

## German Participation in International Bodies <sup>1</sup>

It is the policy of the Allied Governments, announced in the Petersberg protocol, to promote and encourage German membership of all the recognized international bodies. In this regard the Petersberg agreement states:

The High Commission and the Federal Government are agreed to promote the participation of Germany in all those international organizations through which German experience and support can contribute to the general welfare.

Since the Petersberg agreement was signed (November 22, 1949) considerable progress has been made in the accession of Western Germany to international bodies.

Following is a list of international organizations to which the Federal Government adheres:

1. Organization for European Economic Co-operation (OEEC).
2. International Authority for the Ruhr.
3. Customs Committee of the European Customs Union Study Group.
4. International Union for the Publication of Customs Tariffs.
5. International Wheat Council.
6. Central Rhine Commission.

Following are the organizations and conferences in which the Federal Government has participated or will participate:

1. Meetings of Contracting Parties to the General Agreement on Tariffs and Trade (GATT). (German observers.)
2. Third Assembly of the World Health Organization (WHO). (German observers.)
3. International Anti-VD Commission of the Rhine (WHO). (Part of WHO.)
4. International Labor Organization (ILO) Conferences:

(a) On Social Insurance and Working Conditions of Rhine Boatmen (Oct., Nov., Dec. 1950). (German delegation.)

(b) 33rd Session of ILO Conference. (German observers.)

(c) Committee for Chemical Industries (April 1950). (German observers.)

(d) Preliminary Conference on Migration (April 1950). (German observers.)

(e) Preparatory Tripartite Technical Conference on Training Adults. (German observers.)

5. Invitation extended by Dutch Government to Federal Government to send a representative to

Conferences of Italian and Austrian Experts on Tobacco Production to be held in Rome in September 1950. (German delegation will attend.)

6. Conference on the Control of Plant Diseases—Holland, April–May 1950. (German representatives attended.)

7. International Committee for Colorado Beetle Control, Florence, January 1950. (German representatives attended.)

8. Conference on Agricultural Technology held under Fao auspices in Geneva in March 1950. (German observers.)

9. Meeting of the International Seed Testing Authority (United States Government-sponsored). (German observers.)

10. Biennial Art Exposition, Venice, June 1950. (German exhibits.)

11. International Congress at Groningen, June 1950, on occasion of the 160th anniversary of the founding of the Royal Netherlands Institute for the Deaf and Mute. (German representatives attended.)

12. International Poplar Committee, Geneva April 18–21. (German experts attended.)

Following are the international organizations in which German participation has been or is under consideration by the Allied High Commission:

1. United Nations Food and Agriculture Organization (FAO).
2. United Nations Educational, Scientific and Cultural Organization (UNESCO).
3. International Committee for Bird Preservation.
4. Twenty-eighth International Industrial Exhibition, Padua, June 1950.

Following are the international organizations in which participation has been invited and is under consideration by the Federal Government:

1. International Patent Office at The Hague.
2. International Wine Office.
3. International Commissions, established under the Fishery Convention of June 1885 among the Netherlands, Switzerland and Germany, on (i) Rhine pollution and (ii) salmon fishery.
4. Twenty-fourth International Congress on Sociology to be held in Rome in September 1950.
5. United Nations Social Activities Division.
6. The International Office for Animal Diseases in Paris.
7. Eighth International Congress of Agricultural Industries (Invitation from Permanent National Agricultural Committee of Belgium).
8. International Refrigerator Car Company.
9. Fourteenth Levant Fair, Paris, September 1950.
10. Permanent International Agricultural Exposition in Tehran, October 1950.

<sup>1</sup> Reprinted from *Information Bulletin* of U. S. High Commissioner for Germany of July 1950.

## U.S. Delegations to International Conferences

### Agricultural Industries

The Department of State announced on June 22 that Dr. Guido Edward Hilbert, chief, Bureau of Agricultural and Industrial Chemistry, Department of Agriculture, has been named United States delegate to the Eighth International Congress of Agricultural Industries, to be held at Brussels from July 9-15. The American Ambassador at Brussels has been requested to name a member of the Embassy to act as alternate for Dr. Hilbert.

This Congress is one of a series of meetings organized in various capitals of Europe by the International Commission of Agricultural Industries, which has its headquarters at Paris, for the purpose of developing new and improved agricultural techniques for use in combating malnutrition. The United States Government is not a member of the Commission, but it has sent official delegates to several of the previous congresses. The Seventh Congress was held at Paris in July 1948.

Discussions at the forthcoming meeting will cover such subjects as the development of agricultural industries in tropical countries, the world market for raw foodstuffs, agricultural production, and agricultural sciences.

### Sugar Council

The Department of State announced on June 26 that Elmer F. Kruse, Assistant Administrator for Commodity Operations, Production and Marketing Administration, Department of Agriculture, has been named United States delegate to the meeting of the Special Committee of the International Sugar Council at London beginning on June 26. Others on the United States delegation are:

#### *Alternate Delegate*

Lawrence Myers, director, Sugar Branch, Production and Marketing Administration, Department of Agriculture

#### *Advisers*

Stanley Andrews, director, Office of Foreign Agricultural Relations, Department of Agriculture

Howard H. Tewksbury, director, Office of East Coast Affairs, Department of State

James C. Foster, director, Commodities Division, Office of International Trade, Department of Commerce  
Francis A. Linville, assistant chief, Economic Resources and Security Staff, Department of State  
Paul O. Nyhus, agricultural attaché, American Embassy, London

#### *Adviser and Secretary*

Catherine T. Corson, Sugar Branch, Production and Marketing Administration, Department of Agriculture

In 1948, the International Sugar Council established the Special Committee to make a study of the sugar situation with a view to ascertaining the need for negotiating a new international sugar agreement. The effective provisions of the existing International Sugar Agreement, which came into force on September 1, 1937, have not been in operation since the outbreak of World War II, although the Council, which was established pursuant to terms of the agreement, continued to function as a standby organization to keep the sugar situation under study.

At the forthcoming meeting of the Special Committee, approximately 20 sugar-exporting and importing countries will discuss the world sugar outlook and the Cuban proposal for a new international sugar agreement. The meeting will also decide whether sufficient areas of agreement exist among sugar-exporting and importing countries to warrant the convening of a conference in the fall of 1950 to negotiate a new international sugar agreement.

### High Tension Electric Systems

The Department of State announced on June 29 that the United States delegation to the thirteenth session of the International Conference on Large High Tension Electric Systems, which convened at Paris on June 29 is as follows:

#### *Chairman*

E. Robert deLuccia, Chief, Bureau of Power, Federal Power Commission

#### *Vice Chairman*

Frederic Attwood, Chairman, United States National Committee, International Conference on High Tension Electric Systems

### *Delegates*

Eugene C. Crittenden, Associate Director, National Bureau of Standards, Department of Commerce  
Orin A. Demuth, Chief, Branch of System Engineering, Bonneville Power Administration, Department of the Interior, Portland, Oreg.  
Carl H. Giroux, Special Assistant, Corps of Engineers, Department of the Army  
Cecil L. Killgore, Assistant to the Chief Designing Engineer, Bureau of Reclamation, Department of the Interior, Denver, Colo.

The International Conference on Large High Tension Electric Systems, founded in March 1921, is an organization with a membership of approximately 1,400 technicians, executives, and governmental officials from various countries. Its members meet biennially to exchange information on the most recent progress in design, construction, and operation of high tension electric systems.

The work of this session is divided into four sections as follows: (1) generation, transformation, and rupture of current; (2) construction, insulation, and maintenance of overhead and underground lines; (3) operation, protection, and interconnection of networks; and (4) higher voltages than that actually used.

### **Study Group on Germany**

The Department of State announced on June 30 that Lewis W. Douglas, American Ambassador, London, and the United States member of the Intergovernmental Study Group on Germany, will attend the first meeting of this body at London beginning July 3, 1950. Other members of the United States delegation are:

#### *Alternate United States Member*

Jacques J. Reinstein, Director, Office of German Economic Affairs, Department of State

#### *Special Adviser*

Samuel Reber, Counselor, Office of the United States High Commissioner for Germany, Frankfurt on the Main, Germany

#### *Assistant to the United States Member*

William C. Trimble, First Secretary, American Embassy, London

#### *Advisers*

John W. Auchincloss, Office of German Political Affairs, Department of State  
John A. Calhoun, Deputy Director, Office of German Political Affairs, Department of State  
Robert Eisenberg, Economic Specialist, Office of German Economic Affairs, Department of State  
George R. Jacobs, Acting Officer in Charge, Office of German Economic Affairs, Department of State  
Brunson MacChesney, Professor of Law, Northwestern University Law School, Chicago, Ill.  
Covey T. Oliver, Professor of Law, University of California Law School, Berkeley, Calif.  
Gardner Palmer, Adviser, Office of Financial and Development Policy, Department of State  
Henry Parkman, United States Representative on International Authority for the Ruhr, American Consulate General, Frankfurt on the Main, Germany  
John M. Raymond, Assistant Legal Adviser, Office of the Legal Adviser, Department of State

### *Legal Assistant*

Donald A. Wehmeyer, Assistant to the Legal Adviser, Office of the Legal Adviser, Department of State

Agreement to establish the Intergovernmental Study Group on Germany was announced in the joint declaration on Germany issued at London on May 14, 1950, by Foreign Ministers Acheson, Bevin, and Schuman.

### **ECOSOC (Eleventh Session)**

The Department of State announced on June 30 that Isador Lubin, recently named by President Truman as United States representative to the United Nations Economic and Social Council, will attend the eleventh session of that body at Geneva beginning July 3. Assisting Mr. Lubin at this session will be the following:

#### *Deputy United States Representative*

Walter Kotschnig, Director, Office of United Nations Economic and Social Affairs, Department of State

#### *Advisers*

Robert E. Asher, Alternate United States Representative to the Economic Commission for Europe, Geneva  
Kathleen Bell, Office of United Nations Economic and Social Affairs, Department of State  
Henry J. Bitterman, Adviser, Office of International Finance, Department of the Treasury  
John Cates, Jr., Office of United Nations Economic and Social Affairs, Department of State  
Gerhard Colm, Economist, Council of Economic Advisers, Executive Office of the President  
Joseph Coppock, Adviser, Office of International Trade Policy, Department of State  
Eleanor Dennison, Office of United Nations Economic and Social Affairs, Department of State  
Arthur E. Goldschmidt, Special Assistant to the Secretary, Department of the Interior  
Haldore Hanson, Chief, Technical Cooperation Projects Staff, Interim Office for Technical Cooperation and Development, Department of State  
Gladys Harrison, Assistant General Counsel, Office of the Administrator, Federal Security Agency  
Louis Henkin, Division of International Administration, Department of State  
Frances Kernohan, Assistant Officer in Charge, United Nations Social Affairs, Office of United Nations Economic and Social Affairs, Department of State  
Lewis L. Lorwin, Economic Adviser, Office of International Trade, Department of Commerce  
Alvin Roseman, United States Representative for Specialized Agency Affairs, Geneva  
Charles D. Stewart, Assistant Commissioner, Bureau of Labor Statistics, Department of Labor  
William Stibravy, Office of Financial and Development Policy, Department of State

#### *Press Relations Officer*

Donald C. Dunham, American Legation, Bern

The Economic and Social Council was established in accordance with the United Nations Charter as one of the principal organs of the United Nations for the purpose of promoting higher standards of living, full employment, economic and social progress, international cultural and educational cooperation, and respect for observance of human rights and fundamental freedoms. Nine functional commissions, three

regional commissions, as well as certain standing and *ad hoc* committees and special bodies comprise the structure of the Council. Eighteen countries are represented on the Council.

Since its beginning, the Council has worked on many projects in the economic and social field, of which one of the most recent is the technical assistance program. Through this project, the Council, in collaboration with the specialized agencies, is attempting to overcome conditions of poverty, disease, and hunger in underdeveloped countries and territories. The Council's Commission on Human Rights has prepared a draft international covenant on human rights, and draft international conventions regarding freedom of information and of the press have been formulated by the Council's Subcommittee on Freedom of Information and of the Press. The Council has been active also in such matters as the care of children and displaced persons, better conditions of employment, the improvement and expansion of production and trade, and the development of adequate transport and communications facilities.

Of the 51 items on the agenda for the forthcoming session, the following are of primary interest to the United States Government: the question of national and international measures required to achieve full employment; technical assistance for the economic development of underdeveloped areas; methods of financing economic development; convention on statelessness; the continuing needs of children; and the development of a long-range program of social welfare. In addition, the Council will review reports of seven functional commissions, three regional commissions, and eight specialized agencies. The Council will make recommendations regarding work in the economic and social fields to be undertaken or discontinued by these commissions, the General Assembly, and the specialized agencies concerned.

### Teaching of Geography

The Department of State announced on July 11 that the United States delegation to the United Nations Educational, Scientific and Cultural Organization (UNESCO) international seminar on the teaching of geography as a means for developing international understanding, to be held at Montreal from July 12-August 23, is as follows:

#### Chairman

Zoe Agnes Thralls, professor of education and geography, University of Pittsburgh, Pittsburgh, Pa.

#### Delegates

Thomas F. Barton, professor of geography, University of Indiana, Bloomington, Ind.

Sister Mary Ursula Hauk, teacher of geography and English, Johnstown Central Catholic High School, Johnstown, Pa.

Marion H. Seibel, critic teacher, New York State College for Teachers, Buffalo, N. Y.

The topic of study for the seminar, which is one of a number of seminars being sponsored by UNESCO, is "How can the teaching of geography

in its various branches—physical geography, economic geography, and human geography—be used as a means for developing international understanding?" Emphasis will be placed on teaching problems and methods, on the education and training of geography teachers, and on the study of practical techniques to be applied in the classroom. The study groups which will carry out the work of the seminar will give consideration also to the relationship between geography and other subjects of study, the use of audiovisual teaching aids, and suggested techniques for the use of schools in war-devastated or underdeveloped countries.

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### Coffee Report—Continued from page 144

of years in the annual coffee carry-over would appear to support the judgment of the subcommittee.

Recommendation 8 and the legislation proposed thereunder, apparently contemplate establishing a withholding tax implemented by a tentative substantial withholding from transfers pending determination by the Commissioner of Internal Revenue of the nature and results of the transactions involved within the United States. The administration of such a withholding tax would appear to be a difficult administrative task involving controls and impediments to transfers which might become of foreign policy concern. I believe that this proposal should be carefully studied by the appropriate agencies. It is my understanding that the tax revision bill now pending before other committees of the Congress contains recommendations for imposing a tax on the capital gains of nonresident aliens and that the matter will receive careful attention.

There are a number of places in the body of the report where the drafting might have been improved from the viewpoint of our foreign affairs. I should like merely to refer to one case in which different language would have had a greater appeal to our good neighbors to the south. This is the discussion of the award by the Brazilian Government of the Order of the Southern Cross to Mr. Robbins and Mr. Kurtz which begins on page 16 and concludes at the top of page 17.

Before closing this statement and attempting to answer any questions you may wish to ask, I should like to ask your aid in giving a fully satisfactory answer to a question put to Secretary Acheson yesterday morning jointly by the Ambassadors of the coffee-producing countries. This question was whether the report of your subcommittee is to be considered as marking a change in United States foreign policy as it relates to Latin America. I believe that real doubt as to the intentions of this Government has been created by the report. The Department is convinced that this is not the intent of the Committee and will, of course, do its best to dispel the doubt. I earnestly request that you, in the manner you may consider most appropriate, help the Department to answer the Ambassadors' question.

## The United States in the United Nations

July 15-21

### Interim Committee

Continuing consideration of the report of the Commission for Eritrea, the Interim Committee heard the views of Ethiopia, Italy, New Zealand, Canada, and the United States on the disposition of that former Italian colony. Charles P. Noyes of the United States reiterated that his Government continues to believe "the best and most equitable solution would be the immediate incorporation of all of Eritrea, excluding the Western Province, into Ethiopia." The United States is willing, however, to give careful consideration to a compromise solution involving federation of Eritrea and Ethiopia under the sovereignty of the Ethiopian crown. Such a formula, he continued, "holds out the best promise of a harmonious reconciliation of all the interests involved." He explained the United States opposition to either independence or trusteeship for Eritrea.

Ethiopia favored the union of Eritrea with Ethiopia and opposed independence, the solution with which Italy agreed. Both Canada and New Zealand supported our view that some form of federation between Eritrea and Ethiopia would be most likely to harmonize conflicting interests.

### International Court of Justice

An advisory opinion on the international status of Southwest Africa was delivered by the International Court of Justice at The Hague on July 11 and on the second phase of the case concerning interpretation of the peace treaties with Bulgaria, Hungary, and Rumania on July 18.

In the former opinion, the Court stated its unanimous view that Southwest Africa is a territory under international mandate assumed by the Union of South Africa on December 16, 1920. In its opinion, requested by the General Assembly, the Court, in answer to three specific questions, decided: (a) by a 12-2 vote, that the Union of South Africa continues to have international obligations toward the territory resulting from the mandate, including the obligation to submit reports on the territory and to transmit petitions from its inhabitants, with supervisory functions

being exercised by the United Nations in place of the League of Nations and reference to the Permanent Court of International Justice being replaced by reference to the International Court of Justice; (b) unanimously, that the provisions of chapter XII of the United Nations Charter (pertaining to the international trusteeship system) are applicable to the territory of Southwest Africa in the sense that they provide a means by which it may be brought under the trusteeship system, but, by 8 votes to 6, that the Charter imposes no legal obligation on the Union of South Africa to place the territory under trusteeship; and (c) unanimously, that the Union of South Africa, acting alone, is not competent to modify the international status of Southwest Africa but that such competence rests with the Union acting with the consent of the United Nations.

In general, the opinion sustained the views presented to the Court by the United States. Written statements were also filed by Egypt, India, Poland, and the Union of South Africa, and oral statements were presented on behalf of the Philippines, the Union of South Africa, and the United Nations Secretary-General.

In the second case, the Court, also in reply to questions from the General Assembly, by a vote of 11-2, decided that, if one party is obligated but fails to appoint a representative to a treaty commission under the peace treaties with Bulgaria, Hungary, and Rumania, the United Nations Secretary-General is not authorized, upon the request of the other party to the dispute, to appoint the third member of the Commission.

On March 30 the Court had answered affirmatively the first two questions referred to it by the Assembly in connection with the alleged human rights violations in Bulgaria, Hungary, and Rumania. Those questions were (1) whether a dispute subject to the treaty settlement provisions existed, and (2) if so, whether the three countries were obligated to appoint treaty commission representatives. Benjamin V. Cohen presented oral argument on behalf of the United States in both phases of the case. The Court's opinion in the second phase rejected the contentions of the United States.

## Trusteeship Council

On July 14 the Trusteeship Council adopted a resolution proposed by the United States and Argentina which expressed the hope that the administering authorities of British and French Togoland would proceed with their plans for solution of the Ewe problem in those two territories and would insure equitable representation on the Consultative Commission of the various groups residing in the territories; requested a progress report at the next Council session; and recommended that, pending final settlement of the problem, the common traits and traditions of the Ewe people in the two trust territories be preserved. In the voting, only Iraq and the Philippines opposed the resolution, while China abstained.

A special report to the General Assembly transmitting the draft trusteeship agreement for the former Italian colony of Somaliland was approved on July 14. On July 20, the Council approved a request to the Assembly for funds for a visiting mission to that territory, if the draft trusteeship agreement receives Assembly approval, as well as to the trust territories of Tanganyika and Ruanda-Urundi.

In connection with the administering powers' annual reports on the trust-territories, the Council's report to the Security Council on the United States annual report on the Trust Territory of the Pacific Islands, a strategic area, was adopted on July 14 and the Council's report to the General Assembly on the British Togoland report on July 20. On the latter date, the Council also gave its approval to the first two parts of its Assembly reports on Australia's report on Nauru and on the French Togoland report.

## Economic and Social Council

The Economic and Social Council, in the third week of its eleventh session at Geneva, concluded general debate on full employment and referred the item to the Economic Committee for more detailed study. It also completed action on the reports of the Population and Social Commissions and of the Commission on Status of Women.

For its discussion of full employment, the Council had before it the report of a group of experts on "National and International Measures for Full Employment," on which member governments had been invited to submit their views. Isidor Lubin of the United States, in his statement on this report, told the Council that American people will not again tolerate a major depression. "Through our free institutions," he said, "we shall pursue a policy of steadily rising production and employment. We shall do this not for domestic reasons alone. We shall do it, also, because we recognize the place of American economy in the world economic and political structure."

Following a discussion of the specific recommendations of the experts' report, Mr. Lubin

submitted a proposal that United Nations member governments report periodically to the Secretary-General on their economic situation and their policies and programs for employment. The Secretary-General would analyze the reports and make studies on the problems of full employment in the world economy. The reports and studies would be considered by the Economic and Employment Commission, which would make recommendations for action to the Council. The United States further recommended preparation of a report on underemployment, particularly in underdeveloped countries.

In connection with the consideration of the report of the Social Commission, the Council approved a long-range work program for the Commission, a broad program for social rehabilitation of the physically handicapped, and plans for revision and expansion of the United States advisory social welfare services. The Secretary-General was asked to prepare a report on the world social situation. Welfare of the aged, migration, social rehabilitation of the physically handicapped and a declaration of child rights were the topics of other resolutions.

Turning to the report of the Commission on the Status of Women, the Council approved resolutions dealing with a possible draft convention granting women equal political rights, as well as a convention on the nationality of married women, which the International Law Commission was asked to draft. Political education for women, the role of women in the technical assistance program, the application of penal law to women, educational opportunities for women, the problem of Greek mothers whose children have not yet been repatriated, and the plights of male and female survivors of Nazi concentration camps who were victims of so-called scientific experiments were the subject of other proposals. The United States supported all of these resolutions.

With approval of the Population Commission's report, the Council endorsed recommendations for studies by the Secretary-General of the interrelation of demographic, economic, and social factors. This involved a special field study of this problem in India, a study which Walter Kotschnig, for the United States, strongly supported in the Social Committee's discussion. The Secretary-General was also asked to press forward studies on migration, including a study of practical measures for the international financing of European migration to underdeveloped areas. Another of the recommendations is to call the attention of the Technical Assistance Board to the Commission's recommendations on the demographic aspects of technical assistance. Unless some of the related demographic aspects were elucidated, Mr. Kotschnig said in the Social Committee, it might be difficult to carry through some parts of the technical assistance program.

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# Contributors

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